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Police Bulldoze Moscow's Tent City

Gorbachev Orders Sales Tax, Fund To Aid Businesses

Compiled by Our Staff From Dispatches
MOSCOW — Police with bulldozers Sunday razed Moscow's "tent city," a group of makeshift homes near the Kremlin that sprang up as a gesture of disillusionment with Soviet life.

The shantytown's residents were rounded up in the early hours by Interior Ministry police before bulldozers moved in and flattened their plastic and cardboard dwellings, witnesses said.

A ministry spokesman said 47 people were taken into custody and 52 tents were destroyed. Residents included pensioners, war veterans and former mental patients with a variety of grievances. No resistance was reported.

The squatters had been asked on Saturday to end their protest, the spokesman said.

Also on Saturday, President Mikhail S. Gorbachev announced new measures to protect poorer citizens and help businesses struggling as a result of new economic policies. In two presidential decrees, he ordered a special economic stabilization fund to be created and a new sales tax to be introduced next year.

"The tent city was a political protest by the simple people," said Svetlana Sedukh, who lived for three months in the shantytown to further her bid to emigrate.

"This was the first and the last such protest," she said. "There will never be another."

A police officer at the scene said some residents would be sent to mental hospitals while others would be freed after investigation.

The Interior Ministry spokesman said protesters would be given free transportation back to their hometowns.

The shantytown, which sprang up in July, drew deprived, wronged and destitute individuals from across the country, eager to air their grievances at the Kremlin's gates.

Their complaints covered a range of injustices, from homelessness to unemployment, scarce food and low pensions.

Until Sunday the shantytown had been tolerated by the radicals who run the City Council. No one at the council could be reached for comment.

Mr. Gorbachev, in his decree setting up an economic stabilization fund, said the money would help to support "enterprises experiencing



An Albanian refugee trying on a pair of shoes Sunday donated by residents in the Greek border village of Filiates.

Fearing Revolt, 500 More Flee Albania

Compiled by Our Staff From Dispatches
ATHENS — Hundreds of Albanians fled across the border into Greece on Sunday. A police spokesman in the border village of Filiates said that at least 500 Albanians had crossed the frontier since midnight Saturday. It was the largest mass exodus to date from the Balkan nation of 3.3 million, bringing the total to more than 1,000 in December.

Most of the refugees, who usually travel in groups of 20 to 30, have been men between 20 and 35 years old, but there have been some women and children.

Many said they had no faith in recent changes by the Albanian Communist leader, Ramiz Alia, and that they expected the country to erupt in a violent revolt like the one in Romania in 1989.

A steady stream of Albanians has been crossing into Greece after protests against the Communist government began last summer.

"We've never had so many come across in a single day before," the police spokesman said. He said Albanian border guards had apparently allowed them to cross the frontier unhindered.

The police have reported that Albanian Economic crisis hastens the government's pace of change. Page 2

border guards killed at least five people trying to cross the frontier in recent weeks.

Four men drowned in rough seas Thursday when they tried to swim across a 10-kilometer-wide (6-mile-wide) channel from their country to the Greek island of Corfu.

A western diplomat in Tirana, the Albanian capital, confirmed that hundreds of Albanians had been crossing the border illegally in recent days. He said that he did not know if the Albanian authorities had relaxed border patrols and that he had received no reports of soldiers shooting at would-be escapees in the last few days.

"With the recent moves toward democratization and the upcoming elections," he said, "one would think the people would have waited a little longer in Albania. It seems they want to get out at all costs."

Foreign Minister Antonios Samaras of Greece said last week that his country would prefer to see things improve in Albania rather than have Albanians fleeing to Greece.

Most of the Albanians coming across the 160-kilometer border have been ethnic Greeks. Greece contends that there are more than 350,000 ethnic Greeks living in southern Albania. The Albanian government puts the figure at 60,000. (AP, Reuters)

In Europe and Iraq, Dole Says Eyes on Diplomacy

Envoys Say Tough Rhetoric Masks Possibility of Solution

By Patrick E. Tyler
New York Times Service
BAGHDAD — With 16 days to go before the United Nations authorization for the use of force against Iraq goes into effect, the prospect for a diplomatic solution to the Gulf crisis remains distinctly possible, according to Iraqi officials and European diplomats.

These officials suggest that despite recent tougher public statements by President George Bush and President Saddam Hussein of Iraq, the deadlock over arranging a final set of high-level meetings in Washington and Baghdad can be broken by a European diplomatic initiative.

A West European ambassador here said he believed that the 12-member EC would review a decision against holding its own dialogue with Iraq if Mr. Bush and Mr. Hussein could not agree on an exchange of foreign ministers by Monday night.

Foreign ministers of the EC will hold an emergency meeting on the crisis Friday.

Iraq had asked for a separate dialogue between Foreign Minister Tariq Aziz and EC officials Dec. 18. Some European officials said they felt the meeting would enable the community to mediate the dispute over the dates, but the community declined the meeting and U.S. officials expressed satisfaction with the decision.

In the disagreement over the timing of the U.S.-Iraqi meetings, Washington has said it wants Secretary of State James A. Baker 3d to see Mr. Hussein in Baghdad no later than Thursday; Baghdad has said that Mr. Hussein is too busy to meet before Jan. 12.

Washington says it feels that a meeting so close to the deadline would be used by Mr. Hussein to postpone a troop withdrawal beyond the 15th. The Baghdad talks were to be preceded by a visit to Washington by Mr. Aziz.

The message came in television interviews with Mr. Dole, who represents Kansas, and with two Democratic representatives, Les Aspin of Wisconsin, chairman of the Armed Services Committee, and Lee H. Hamilton of Indiana, chairman of a Foreign Affairs subcommittee on Europe and the Middle East.

Mr. Aspin, a White House ally who does not believe economic sanctions against Iraq will solve the crisis, went the furthest, saying that direct talks must take place before any action.

"People want to make sure we've tried every other alternative," he said. "Some kind of meeting is a precondition."

"The American people are not yet committed to war," Mr. Dole said.

Mr. Hamilton said: "I don't

EC Will Consider A Separate Role

By Marc Fisher
Washington Post Service
BONN — The European Community will meet in emergency session Friday in Luxembourg to discuss a possible effort to resolve the Gulf crisis peacefully before the Jan. 15 UN deadline for Iraq to pull out of Kuwait.

Several European countries are now ready to consider separate EC contacts with Baghdad, a course that the 12-member Community has thus far avoided while the United Nations and United States explored direct talks with Iraq.

Foreign Ministers Hans-Dietrich Genscher of Germany and Roland Dumas of France called for the conference because of the apparent U.S.-Iraqi diplomatic stalemate. German officials said that although Europe remained committed to the U.S.-led coalition, Europe's proximity to the Middle East obliges the EC to try to prevent war.

Diplomats here said that a separate European initiative would probably anger the Bush administration, which has sought to persuade Iraq that it faces an unbending and united coalition. But the German officials said their call for European peace efforts represented no break with U.S. handling of the situation.

"Time is running out," a West European diplomat said. "If Washington and Baghdad are not talking, someone has to break the deadlock. It would not be acting in the interests of peace to just sit back and wait for war."

The conference will occur on the day that foreign ministers of Egypt, Syria and Saudi Arabia meet in Jidda to discuss the crisis.

The major West European nations have been supportive of Washington's policy toward Iraq, but differ with the administration in their willingness to accept President Saddam Hussein's efforts to bind the future of Kuwait with the Palestinian problem. EC leaders have long endorsed the idea of an international peace conference on the Palestinians, a proposal the United States has resisted.

German support for a European initiative comes as political parties in Bonn are pushing the Gulf situation to the forefront for the first time since Iraq invaded Kuwait in August.

The opposition Social Democrats have called for a special

Crisis in the Gulf

Iraq said world Muslims would gather in Baghdad to show support before the UN deadline. The United States lacks vital anthrax vaccine for its troops. Articles on Page 4

think the American people will support sending Americans into combat until you've exhausted all other remedies."

Mr. Aspin, noting that "a diplomatic solution is entirely possible," said talks with Baghdad could succeed if the United States was willing to provide Iraq with some quid pro quo. A full Iraqi withdrawal from Kuwait must be demanded, he said, but "there are other things we can agree to around the edges."

The comments indicated that domestic pressure on President George Bush could mount in the days before Jan. 15, the deadline imposed by the United Nations for Iraq to withdraw.

The president is to meet with congressional leaders on Thursday to discuss the crisis, and the central question is likely to be whether he will seek an authorization from Congress to use force. Legislators return to Washington on Thursday.

Mr. Bush, meanwhile, said in an interview in Time magazine that it was his "gut" feeling that President Saddam Hussein of Iraq would withdraw his army and that war would be avoided.

Although he reiterated that there would be no compromise on the UN demand for an Iraqi withdrawal, the president said, "My gut says he will get out of there."

Mr. Dole used similar language Sunday, saying, "My gut tells me there will be a resolution without firing a shot."

Mr. Dole said an Iraqi official had indicated to him that "there was some flexibility" on dates suggested by the UN.

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Chernobyl Fuels Ukraine Nationalism

By Francis X. Clines
New York Times Service
CHERNOBYL, U.S.S.R. — This irradiated ghost town, where the effects of the 1986 nuclear-plant disaster are still accumulating in raw and haunting detail, has become the latest arena in the volatile politics of Soviet nationalism.

Ukrainian scientists concerned about the welfare of hundreds of thousands of people living near the disaster are challenging Moscow for control of complicated plans for cleaning up the aftermath.

The scientific contest, in which the sovereignty-minded Ukraine is demanding tighter radiation health limits and far larger zones of evacuation and monitoring than the central government insists are needed, comes at a critical moment for the Chernobyl authorities.

They must plan an entirely new sarcophagus around the 171 tons of grotesquely spewed and resolidified uranium fuel in Chernobyl nuclear unit No. 4, to shroud it from the environment for 150 years.

The existing sarcophagus, a darkly buttressed 20-story-high cube of concrete and steel built four years ago, has a life span of no more than 25 years, with constant care and reinforcement.

In addition, the authorities must find a way to head off the leaching of radioactivity from 800 pits containing a huge volume of dangerous waste.

See CHERNOBYL, Page 4

Across U.S., Fiscal Crunch Hits Cities and States

By Michael deCourcy Hinds and Erik Eckholm
New York Times Service
NEW YORK — All across America, state and city governments have been stricken by financial crises that were not even imagined a year ago.

More than half are facing serious financial shortfalls, and many are considering draconian measures, including huge layoffs of public employees and major cutbacks in social services and public works.

Some states, such as Connecticut and Rhode Island, must find a way to cut their budgets by 20 percent in the next few months.

Making up for the cash shortage with tax increases may be political suicide for the public official who suggests it. Memories are all too fresh of the beating that incumbent governors and legislators suffered in the November elections as voters registered their anger over rising taxes and reduced services.

"The fiscal plight seems to be worse than at any time during my memory," said Henry Aaron, director of economic studies at the Brookings Institution, a research organization based in Washington.

"I think you would have to go back to the Great Depression to find similar anguish, in terms of the number of states that are facing an unprecedented cutback in service or significant increases in taxes."

The immediate cause of the crisis is the nation's economic downturn, which has drastically cut into tax revenues. But the seeds were sown over the last decade or so, and what public officials are now facing is the collision of several long-term trends, including these:

- Beginning in Jimmy Carter's administration and accelerating under President Ronald Reagan's "New Federalism," the federal government has shifted a heavy financial burden to the states and cities, cutting and eliminating federal grants for housing, education, mass transportation and public works projects. In the late 1970s, Washington provided 25 percent of state and local budgets. It now provides 17 percent.
- The public is increasingly resistant to new or higher taxes, partly because they believe that government is not wisely spending the money. In the November elections, voters in two states, Nevada and Oregon, approved initiatives to limit tax increases or roll back taxes. In other states voters showed their displeasure by ousting officials who

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Bright Signal for American Business: Strong Exports in '91

By Stuart Auerbach
Washington Post Service
WASHINGTON — In a generally upbeat report on the state of American business, the Commerce Department on Sunday predicted slower but continued growth for most U.S. industries next year, with strong overseas sales making up for the slack in a stagnant domestic market.

The department's annual industrial outlook for the new year said high technology industries will set the pace for other manufacturing sectors, with semiconductor sales expected to grow by 8.9 percent and computer industry shipments 6 percent.

The report follows a ruling last week by an influential group of economists that a U.S. recession has officially begun. The group, the formal arbiter on when recessions begin and end, said the current downturn probably started in August. (Page 9)

As an indication of how export growth will help the economy, high technology sales in Europe and eastern Asia are expected to do better than sales in the United States.

"The more rapid growth" for high technology "is a strong indication of two important trends: increased use of automation to improve productivity and the expanded demand for information services," said Jonathan C. Manes, director of the Commerce Department's office of finance, industry and trade information.

Despite that upbeat news, the Commerce Department undersecretary, J. Michael Farren, said the 350 U.S. industries covered by the report will grow at a smaller rate in 1991 than they did this year. "The economy is down," he said. But 60 percent of the industries covered will experience positive growth, about the same as last year, the report shows.

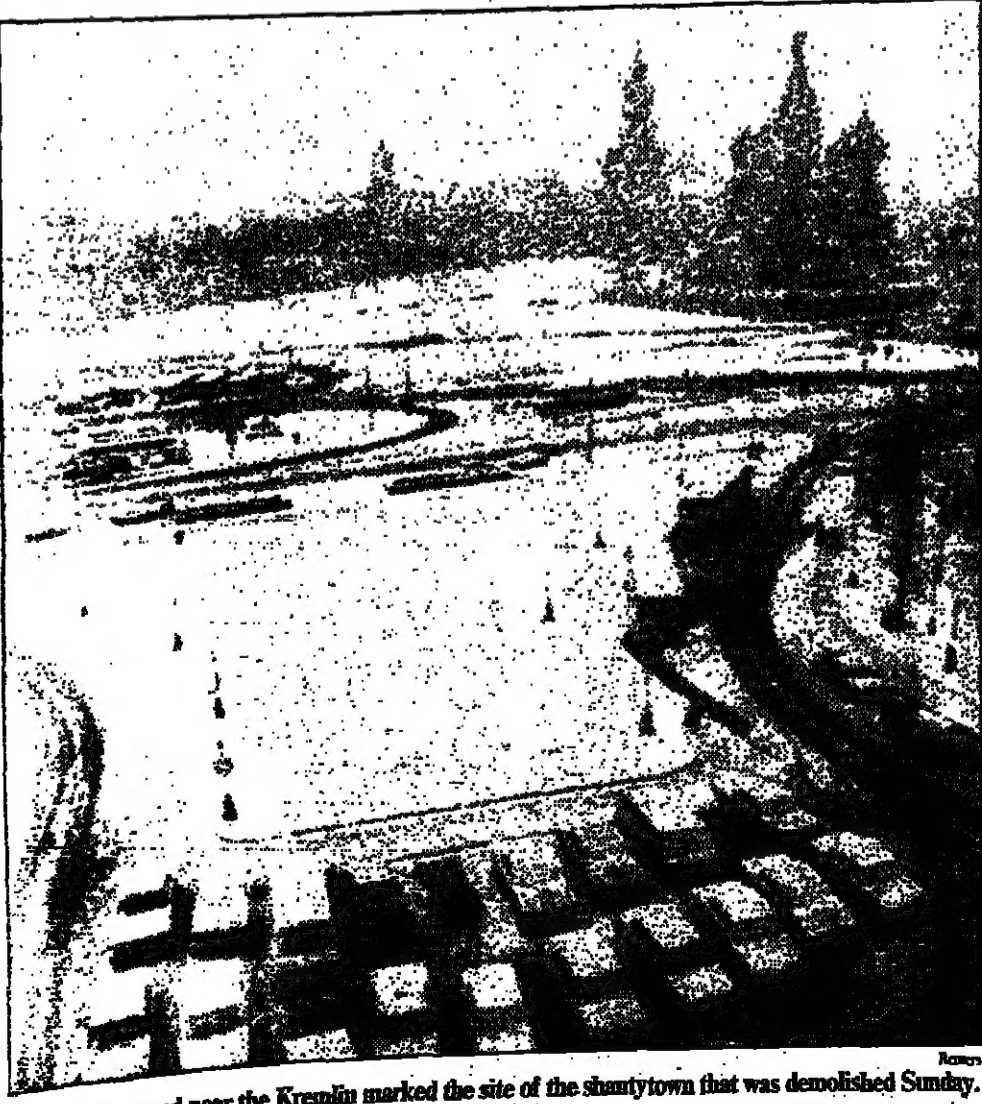
On the downside, the department predicted continued bad news for the automotive and construction industries, with the ripple effect of their poor performances hurting related industries such as steel, glass, building materials, furniture, household durable goods and wood products.

Machine tool manufacturers are expected to be the only traditional U.S. industry to demonstrate strength, an indication "that businesses will continue to invest in new equipment needed to raise efficiency and productivity in today's increasingly competitive environment," Mr. Farren said.

"Our analysts see a trend toward continued investment, not so much to increase capacity as to improve efficiency, increase international competitiveness and meet new environmental standards," he added.

The Commerce projections are based on the assumption that the United States will skirt a recession in 1991, with a

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A patch of ground near the Kremlin marked the site of the shantytown that was demolished Sunday.

Kiosk		
Shift on Greek Pardon ATHENS — The Greek government on Sunday reversed its decision to pardon imprisoned leaders of the junta that ruled from 1967 to 1974. Page 2	General News Lech Walesa has nominated an entrepreneur to be Poland's prime minister. Page 2 China's new five-year-plan reflects an ideological deadlock over political change. Page 3	Monday Q&A The music historian H.C. Robbins London discusses the Mozart bicentennial craze. Page 2 Crossword Page 4 Weather Page 2

Much Ado About Mozart: Craze Leaves Expert 'Astounded'

H.C. Robbins Landon, the music historian, has specialized in the life and work of Haydn and, more recently, Mozart. The editor of a comprehensive Mozart Dictionary, Mr. Landon spoke to Barry James of the International Herald Tribune about the bicentennial of Mozart's death, beginning in January.

Q. Is all the fuss about the Mozart anniversary justified?

A. Oh yes. There is something about

MONDAY Q&A

Mozart that appeals in a way that no other composer in history did.

Q. He appeals a lot to young people?

A. That's right. They think he was someone who tried to fight the establishment and almost made it. They see him as a fantastic and romantic figure, chucked into a pauper's grave with five other corpses and not really understood by his contemporaries. Something else that attracts them is the fact that he was a child prodigy. They think of that little thing, aged 9, writing symphonies, which is rather amazing come to think of it. And they are quite good, too.



Q. Have you been taken by surprise by the Mozart craze?

A. Yes. I am astounded by the way the glossy magazines have latched onto Mozart. He has become the biggest myth in classical music history. The other thing which is amazing is the amount of literature which is being generated about Mozart. There is a book coming out every

week. People have a mad desire to know more about him. You know, there is a classical music station in Shanghai that plays nothing but Mozart all day long. That's what people want to hear. The phenomenon is also due in part to the comeback of the 18th century. Up to now the Renaissance or the 19th century was considered much more interesting.

Q. I suppose the fact that there is so much Mozart music available also has something to do with the craze?

A. That is true. Part of Mozart's popularity is due to the compact disc. CDs are an even bigger revolution than long-playing records were. For one thing, they are ideally geared to people with small apartments. You can now buy all the works of Mozart on CD. That means if you live in the provinces without easy reach of an orchestra, you can still have anything you want by pressing a button, and I don't think that is a bad thing.

Q. To what extent have Peter Shaffer's play "Amadeus" and the Milos Forman movie based on the play contributed to the craze?

A. They brought Mozart's music to thousands and thousands of families who would not otherwise have listened to it. Shaffer was very clever in writing "Amadeus." Had he tried to do a play about

Bach or Haydn or Beethoven, it wouldn't have worked. But he snuffed immediately that this was going to be a huge public success, and of course when Forman did the movie, that success became magnified enormously.

Q. But "Amadeus" also created a Mozart myth?

A. Absolutely. It filled people with the idea that Mozart was a rather poor, unworthy vessel into which God in his infinite wisdom poured unlimited, fabulous amounts of great music. This, of course, is ridiculous because Mozart wasn't like that at all.

Q. What was he like?

A. He was a fanatic hard worker. He wrote the "Linz" Symphony in four or five days. Why, it would take you the whole day flat out just to copy the thing. He worked within a classical framework with supreme greatness. Haydn of course was the great innovator.

Q. Why hasn't there been a corresponding craze for Haydn?

A. Well, he wasn't a myth. His life was a succession of hard work and a lot of good luck, but he himself said it wasn't interesting. But as a spin-off to the Mozart phenomenon, I am doing a lot of plugging of Haydn along the route. It's curious that many people don't even want to listen to Beethoven. I was talking

to some professional musicians in London: for example, when they said they hadn't played Beethoven's Fifth for several years.

Q. Isn't there a danger that this craze may reduce Mozart into a kind of background music?

A. I don't think you can reduce Mozart very much. You cannot really do in good music, despite the "Elton John" 3-shirts-and-all-the-others-bunch that's going around, which you cannot prevent anyway. It is going to be very interesting to see what happens when the bicentennial comes. You know, that I think? Nothing is going to happen. I think people are going to go on playing just as much Mozart as ever.

Q. Is there anything new to be learned about Mozart?

A. There is still an enormous amount to be learned. There is not a word about the French Revolution in any of his letters, and in fact there is not a word about politics. What we do think about these things? What we do not think about is stand in why the aristocracy in Vienna stopped supporting Mozart after "Le nozze di Figaro" had been the success of the town. Several hundred suddenly withdrew their support; it must have been a big subject of discussion. Yet we do not have a word.

Walesa Picks Entrepreneur for Key Post

By Blaine Harden

Washington Post Service

WARSAW — President Lech Walesa, in a clear signal that he wants Poland to remain a leading advocate of the free market changes in Eastern Europe, has nominated a young economist and entrepreneur as his prime minister.

Jan Krzysztof Bielecki, 39, a member of the Polish parliament and a former underground Solidarity activist, heads a small political party composed of economic experts who have outlined a radical program for the swift sell-off of state-owned industry.

"The president's choice means that economic issues are most important," Mr. Bielecki said. "My candidacy has to be understood to mean that the future government will be composed of experts."

A spokesman for Mr. Walesa also announced Saturday that Finance Minister Leszek Balcerowicz, the architect of Poland's "shock therapy" economic program, will be nominated to retain his position.

Parliament is scheduled to consider Mr. Walesa's nominations on Friday.

Mr. Bielecki promised to continue the free-market changes begun last year by the Solidarity government. He indicated, however, that he wants the job only until parliamentary elections are held, probably in the spring.

"I consider this a service to the state and to Poland, and would like to end my service with free elections," said Mr. Bielecki, who had turned down the prime minister's job last week. Since then, he has had several meetings with Mr. Walesa.

The nomination of a prime minister follows more than two weeks of confusion, during which Mr. Walesa acknowledged he was having trouble finding anyone who

wanted a post that would probably last for just a few months.

Mr. Walesa's economic advisers have said that keeping Mr. Balcerowicz will reassure Western governments and investors that Poland plans to stick with the economic policies that have won it about \$13 billion in Western credits. This is nearly double the credits pledged to any other post-Communist government in Eastern Europe.

Economic changes here have forced a deep recession, putting more than 1.2 million Poles out of work and cutting the average worker's buying power by nearly a third. But inflation has been halved, and the changes have laid the foundation for rapid growth in private business.

The outgoing government, however, took a cautious approach to privatizing state-owned enterprises, which account for about 90 percent of the Polish economy. After one year, only 5 of the more than 7,000 enterprises had been sold for shares.

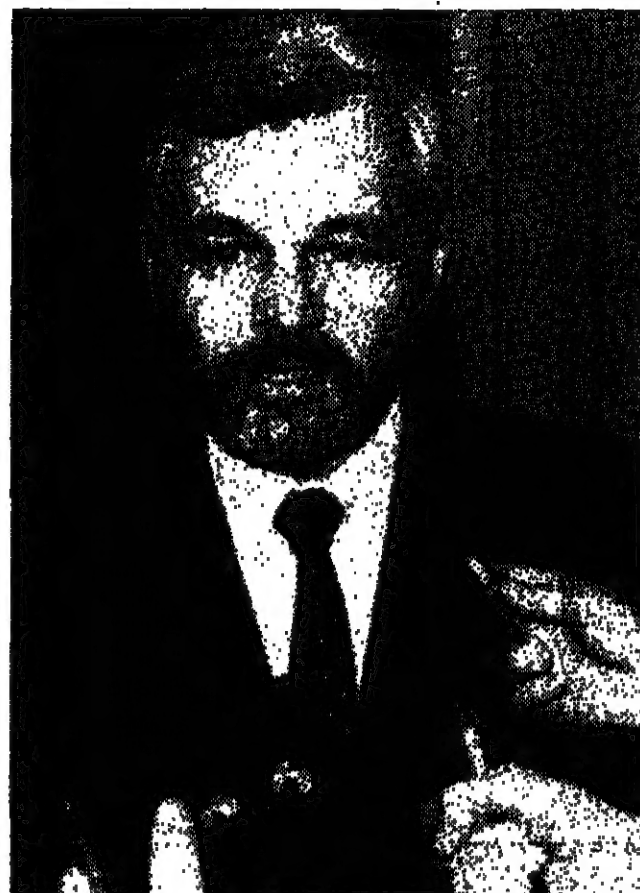
Mr. Bielecki, along with his colleagues in his Gdansk-based party, the Liberal Democratic Congress, is expected to speed up the sell-off of state-owned businesses.

"We plan a privatization on a scale unknown in the world," Mr. Bielecki told a Polish newspaper this month.

"We have to privatize as quickly as possible and learn afterward from our mistakes," said Andrzej Machalski, a legislator and one of Mr. Bielecki's closest party colleagues. "I am afraid that there will be 2 or 3 million unemployed."

He said Mr. Bielecki supported a program that would "commercialize" all state-owned industries in Poland overnight. The industries, he said, would then be run on a for-profit basis by a supervisory board appointed by the government.

"If the members of the supervisory board do a good job, they will



Jan Krzysztof Bielecki talking to reporters in Warsaw.

be allowed to own a certain percentage of the stock of the enterprises," he said. "We are of the opinion that changing ownership will increase production."

Mr. Bielecki graduated with a degree in economics from Gdansk University. When the Communist authorities imposed martial law in 1981, he was dismissed from his job at an industrial training center and

started a private timber-trucking business. He formed a consulting firm in 1985 and has helped advise the government on privatization in the past year.

In another signal that Mr. Walesa wants continuity with the outgoing government, it was announced Saturday that the current defense minister, Rear Admiral Ryszard Koltanowski, will stay on.

Athens Reverses Move To Pardon Junta Chiefs

Clemency Is Dropped After Protests Erupt Across the Political Spectrum

Reuters

ATHENS — The Greek government on Sunday reversed its decision to pardon the imprisoned leaders of the military dictatorship that ruled from 1967 to 1974, a government spokesman said.

The spokesman said the decision to free the coup leaders, including two officers who were sentenced to death in 1975 for high treason, was being withdrawn because of fierce protests by opposition leaders.

It was the most pronounced political reversal for the conservative government since it won elections in April.

Even members of the governing New Democracy Party had strongly denounced the decision, which was announced on Friday, to free the imprisoned junta leaders.

Prime Minister Constantine Mitsotakis said on Friday that he would begin the process for granting clemency to the former officers on Monday.

He had said that they might even be home for the new year.

The Justice Ministry's pardons committee was to take up the issue on Monday. It was expected to approve the government's decision, clearing the way for a presidential decree.

But news of the planned clemency led to a storm of protest against the government from across the political spectrum.

Those opposed to the pardons noted that the junta had been notorious for torturing, imprisoning and exiling thousands of Greeks.

Six other members of the junta have been released over the years for health reasons.

WORLD BRIEFS

Salvadoran Rebels Seek Negotiations

SAN SALVADOR (AP) — Salvadoran guerrillas say they will end a six-week military campaign against the government on Monday and are ready for peace talks.

In an announcement broadcast by rebel radio, the Farabundo Martí National Liberation Front said the cease-fire was in line with agreements signed in May with government officials during United Nations-sponsored peace talks in Caracas. Those talks were aimed at ending an 11-year civil war that has caused more than 73,000 deaths and millions of dollars in economic losses.

During the recent offensive, which began Nov. 20, the rebels for the first time shot down two government planes with surface-to-air missiles. In their broadcast, the guerrillas said they would make new proposals to the government and "if it abandons its intransigent positions, we could reach an agreement rapidly."

2 Hijackers Surrender in Algeria

ALGIERS (AP) — Two army deserters who held dozens of people captive in a jetliner during a two-day standoff surrendered Sunday after freeing the passengers and crew members, the official Algerian news agency reported. There were no reports of injuries.

The hijackers were taken into custody without violence after they released the pilot and co-pilot of the state-owned Air Algérie Boeing 737, the agency reported. Earlier, 46 remaining passengers were freed. The hijackers' names were not released, and their motive was unclear.

The jet, carrying 82 passengers and 6 crew members, was seized after takeoff Friday from the Saharan town of Ghardaia. Tunisia and Egypt later refused landing requests. The plane eventually landed early Saturday at Annaba, formerly Bône, about 400 kilometers (250 miles) east of Algiers, where negotiations were held. Later Saturday, the hijackers released 36 passengers.

Tamils Offer Cease-Fire in Sri Lanka

COLOMBO (AP) — Tamil rebels on Sunday offered the Sri Lankan government an indefinite cease-fire, saying peace talks could begin if the proposed cease-fire takes hold. There was no immediate government reaction, but officials who spoke on condition of anonymity said they thought the response would be positive.

A statement issued by the Liberation Tigers of Tamil Eelam office in London said the rebels would unilaterally stop their attacks at midnight Monday. But it warned that "in case the government fails to respond to our peace initiative, our national liberation army will reserve the right to defensive military actions."

A senior Defense Ministry official said: "So far as we are concerned, our military operations against the Tigers are continuing as usual."

43 Drown as Bengali Boats Capsize

NEW DELHI (AP) — At least 43 people, many of them schoolchildren, drowned Sunday when two riverboats capsized in West Bengal, the Press Trust of India reported Sunday.

The two boats, lashed together, capsized in the Jalangi River on Saturday after a teenager who was steering them across lost control midstream, police said.

Police said that 43 bodies had been recovered by Sunday night and that 120 passengers managed to swim ashore. The exact number of people on the boats was not known. Those drowned included 32 students who were returning home after attending a sports meet in a town across the river.

Time Sees in Bush 2 'Men of Year'

NEW YORK (UPI) — With its cover featuring a Janis-like portrait, Time magazine has named the two George Bushes' its men of the year, saying that the design "seemed almost to be two presidents."

One displayed "a foreign policy profile that was a study in resoluteness and mastery," the magazine said in the issue due out Monday, while the other showed "a domestic visage just as strongly marked by wavering and confusion."

Time praised Mr. Bush for "midwifing" a new world order that has had a decidedly favorable impact but said he affected domestic events for the worse. According to the magazine, "What could have been more baffling, at times ludicrous, than Bush's performance on taxes? His domestic policy, to the extent he has one, has been to leave things alone until he could no longer avoid taking action."

Moldavia Backs Off Nationalist Plans

MOSCOW (UPI) — The Moldavian Republic's legislature on Sunday appeared to head off a confrontation with Moscow by agreeing to reconsider some of its nationalist demands.

After President Mihail S. Gorbachev issued a 10-point decree to the republic last week, some analysts in Moscow thought that the Kremlin would crack down on Moldavia, which borders on Romania. The Moldavian legislature, however, has agreed to reconsider a new language law that demands that Moldavian be the dominant tongue in the republic. It also said that independence declarations by both the Gagauz, a Turkic-speaking minority, and the Dniester Russians, were "unexpedient." The Moldavians also backed off on plans to form a republican guard independent of Moscow's control.

TRAVEL UPDATE

KLM Royal Dutch Airlines and Lufthansa will halt their twice-weekly flights to Jordan next month because of financial losses due to the Gulf crisis, civil aviation sources said Sunday. KLM will stop flying to Amman on Jan. 5 and Lufthansa will halt its activities Jan. 31, leaving Air France as the only Western carrier to continue serving Jordan. (AP)

A four-hour power failure reduced National Airport in Washington to makeshift operations on Sunday, one of the busiest travel days of the year. Computers used for ticketing, X-ray machines and conveyor belts for baggage were knocked out. The control tower was not affected, but some flights were canceled because of the confusion. (UPI)

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Argentina, Bangladesh, Benin, Brazil, Chile, Congo, Czechoslovakia, Ecuador, El Salvador, Finland, Germany, Guatemala, Iceland, Italy, Ivory Coast, Liechtenstein, Madagascar, Mexico, Nicaragua, Norway, Oman, Pakistan, Peru, Philippines, Qatar, San Marino, Sri Lanka, Sweden, Thailand, Vatican City.

TUESDAY: All countries except Afghanistan, Bangladesh, Bhutan, Burma, Egypt, Ethiopia, Iran, Libya, Nepal, Oman, Pakistan, Qatar, Saudi Arabia, Sri Lanka.

WEDNESDAY: Botswana, Haiti, Japan, Liechtenstein, Mauritius, Mongolia, New Zealand, Romania, Seychelles, South Korea, Taiwan, Yugoslavia.

THURSDAY: Japan, New Zealand, Taiwan.

FRIDAY: Burma, Zaire.

SUNDAY: Iraq.

Source: J.P. Morgan, Reuters.

WEATHER

EUROPE				ASIA			
	HIGH	LOW			HIGH	LOW	
Amsterdam	48	38	F	Bangkok	84	74	F
Antwerp	46	36	F	Beijing	58	48	F
Athens	52	42	F	Bombay	82	72	F
Berlin	44	34	F	Calcutta	80	70	F
Birmingham	46	36	F	Chongqing	60	50	F
Bombay	82	72	F	Hankow	58	48	F
Buenos Aires	64	54	F	Harbin	56	46	F
Cardiff	44	34	F	Heilongjiang	54	44	F
Cairo	62	52	F	Hong Kong	78	68	F
Canton	60	50	F	Kobe	58	48	F
Cebu	80	70	F	London	46	36	F
Colon	82	72	F	Los Angeles	64	54	F
Dakar	64	54	F	Manila	80	70	F
Damascus	62	52	F	Medan	82	72	F
Dhaka	80	70	F	Osaka	58	48	F
Dublin	44	34	F	Seoul	56	46	F
Geneva	46	36	F	Singapore	82	72	F
Hankow	58	48	F	Taipei	58	48	F
Harbin	56	46	F	Tokyo	58	48	F
Heilongjiang	54	44	F				
Hong Kong	78	68	F				
Kobe	58	48	F				
London	46	36	F				
Los Angeles	64	54	F				
Manila	80	70	F				
Medan	82	72	F				
Osaka	58	48	F				
Seoul	56	46	F				
Singapore	82	72	F				
Taipei	58	48	F				
Tokyo	58	48	F				

MONDAY'S FORECAST — CHANNING: BOSTON: Partly cloudy, 48-58. NEW YORK: Partly cloudy, 48-58. PHOENIX: Partly cloudy, 48-58. SAN FRANCISCO: Partly cloudy, 48-58. SEATTLE: Partly cloudy, 48-58. SINGAPORE: Partly cloudy, 48-58. SYDNEY: Partly cloudy, 48-58. TOKYO: Partly cloudy, 48-58. WASHINGTON: Partly cloudy, 48-58. WILSON: Partly cloudy, 48-58.

In Albania, Hard Times Hasten Change

By Laura Silber

Washington Post Service

TIRANA, Albania — Political change, driven by a severe economic crisis, is coming swiftly to Albania, Europe's last hard-line Communist state.

Mass protests that began on Dec. 9 have forced the governing Communist Party to cave in to demands for pluralism. The student-led protests started in Tirana and then spread to several other cities. Workers, with an average monthly wage of 500 lek (about \$50), also took to the streets, shouting slogans in support of democracy.

President Ramiz Alia allowed the Democratic Party, the country's first legal opposition group, to be formed on Dec. 11. But the government simultaneously moved swiftly to stop the unrest, meeting out prison sentences to up to 20 years to 157 demonstrators convicted of vandalism.

"The party is walking a tightrope," said a student in Tirana, referring to the Communist Party. "It is trying to open up, to secure Western help, but will never give up power."

But Albania has opened up to Europe more in the past six months than in the preceding 46 years since Communist rule was established by Enver Hoxha after World War II. Mr. Hoxha fiercely defended Albania's independence, withdrawing the country from the Warsaw Pact in 1968.

Mr. Alia, who took over after Mr. Hoxha's death in 1985, has diluted his predecessor's cocktail of Stalinism and intense patriotism. Mr. Hoxha's slogan, "We'll eat grass, but never abandon our principles," has been

dropped as Albania seeks Western help to overcome its economic crisis.

Mr. Alia has sought to renew diplomatic relations with the United States. Relations with the Soviet Union were established this fall.

Gramoz Pashko, a leader of the Democratic Party, said, "For all these years, Albanian bureaucrats rejected foreign aid and now they're reforming because they need help."

But the system's main pillars, the Communist Party and the security forces, remain intact. The omnipresent secret police, the Sigurimi, still lurk in the shadows. But while watching for the Sigurimi, people now dare to approach visiting Western journalists to complain about repression. They dismiss the party's statements on pluralism as superficial and want visitors not to be deceived.

"It cannot reform," a student said. "It can only be overthrown."

But the fledgling opposition also fears that a revolution could result in the re-emergence of long-suppressed ethnic and religious conflicts among Albania's 3 million people.

There are two main language groups, the Ghegs and the Tosks. The Ghegs, in the north, have fought for centuries against the traditionally dominant southern Tosks. Mr. Hoxha was a Tok, Mr. Alia is a Gheg.

Albania's three main religious groups, Roman Catholics, Muslims and Greek Orthodox, are now working to rebuild the religious community. About 5,000 Catholics in the northern city of Shkoder celebrated Christmas Mass this year for the first time since

1967, when the government closed all religious institutions.

Albania still has vestiges of a clan mentality. Mr. Hoxha united Albanians and stopped the custom by which families exacted vengeance for any bloodshed.

To avert a resurgence of these feuds and to prevent a chain of retaliation in a country where many people have links to the Sigurimi and many opposition leaders only recently quit the Communist Party, the opposition party has called for cooperation with the Communists.

"Our party is the first to appeal for national forgiveness, for guarantees that no one will seek revenge," Mr. Pashko said. "We asked for the immediate release of all political prisoners."

Government officials say there are 85 political prisoners, but diplomats in Tirana estimate that the number could be in the thousands.

The government has not been quick to respond to the opposition's demands. But on Friday, the government authorized the publication of the first opposition newspaper. And the Communists have given the opposition party a car. Most Albanians do not have private cars.

The government has rejected, however, the opposition's demand for a postponement of the first multiparty elections, which are scheduled for Feb. 10. Said Berisha, a co-founder of the Democratic Party, said that the opposition party "will use all peaceful means" to delay the elections so that it can organize its campaign.

Portland Hoffa, Radio Comedian, Dies

New York Times Service

Portland Hoffa, a comedian and the widow of the humorist Fred Allen, died at her home in Los Angeles. Her niece was Miss Hoffa's age as 83 or 84 and said her aunt had died Tuesday.

Miss Hoffa's familiar, high-pitched voice was heard on the Allen radio program regularly as she

and Mr. Allen figuratively strolled down Allen's Alley, talking to the resident characters. Mr. Allen died in 1956.

Miss Hoffa assisted Mr. Allen when he was a juggler in vaudeville, and by the time Mr. Allen began his half-hour comedy broadcast in 1932, the two were married.

Edgar A. Harcourt, 63, a New York lawyer

NEW YORK (NYT) — Edgar A. Harcourt, 63, a native of Paris who became a lawyer here who specialized in international finance and commodities, died in New York of a heart attack Thursday, a spokesman for his law firm said. He was resident counsel of the New York branch of Société Générale

from 1962 to 1965 and was assistant general counsel to Continental Grain Co. from 1965 to 1968, when he became a partner in his Manhattan firm, Favia & Harcourt.

Other deaths:

Sylvia Lark, 43, a professor of art at the University of California whose paintings hang in the Metropolitan Museum of Art in New York, of cancer Thursday in Berkeley, California.

Richard Dunne, 46, the former executive director of the Gay Men's Health Crisis, New York City's largest private provider of AIDS services, died Saturday at Rhode Island Hospital in Providence.

Quayle Protector Is Arrested

The Associated Press

VAIL, Colorado — A Secret Service agent assigned to protect Vice President Dan Quayle was arrested and charged with misdemeanor theft, authorities said.

New York's Homeless Are Becoming Part of the Terrain

By Alan Finder
New York Times Service

NEW YORK — A decade after vast numbers of homeless people began to be seen on New York City streets, officials and advocates fear that homelessness has become embedded in the city's life for the foreseeable future.

Thousands of destitute single adults still roam the streets. Hundreds of families, primarily young single mothers and their children, still pass their days and nights in rundown welfare hotels.

The city's huge makeshift system of overnight accommodations — from large, barracks-style shelters to small centers with private rooms — is now anything but temporary.

The city administration is in the midst of devising an ambitious five-year plan for the homeless. But Nancy Wackstein, the mayoral aide responsible for

the plan, acknowledges that the recession squeezing the region means that the effort inevitably will fall short.

Meantime, neither the federal nor New York state governments can be counted on for much help.

In 1989, the city spent more than \$320 million to shelter a total of about 25,000 single homeless people and 11,000 homeless families.

In a report released last week, the Partnership for the Homeless, a coalition of churches and synagogues, praised some initiatives by Mayor David N. Dinkins, including a city-state agreement to provide 5,200 new beds for mentally ill people in group homes and single-room-occupancy apartment buildings.

But the coalition lamented that the city had not come up with a plan to eliminate the use of huge

shelters in armories and other cavernous public buildings.

It criticized the continued reliance on welfare hotels, and it begged the city not to allow the budget crisis to become an excuse for tolerating the status quo.

"Resolve to come up with some creative ways to do more with less," the report urged.

Among the steps the city is taking is a new effort to prevent people from becoming homeless.

It will provide lawyers to help those threatened with eviction and sometimes will give financial benefits beyond those in the basic welfare grant to enable poor families to pay their rent.

Ms. Wackstein said she hoped the city could eventually shut down the worst of the large shelters for homeless single adults, replacing them with smaller and better temporary housing centers.

She also said she hoped to provide more social services like drug treatment and job counseling.

But with the city's fiscal woes and the shelter system "bursting at the seams," as Ms. Wackstein described it, the administration may find it difficult to make broad changes.

Last week, there were 8,600 single adults in the 25 shelters operated by the city.

At the annual peak, which comes in February or March, 10,000 to 11,000 adults are usually in the shelters.

An additional 3,850 families, more than 12,000 people, were in the 13 city-operated family shelters and in hotels last week.

No one knows how many people are on the streets and in the subway. The advocates' estimates run in the tens of thousands.

Argentina Frees Junta Strongmen

Menem Acts to Calm Resentment Among Current Military Leaders

By Michael Robinson
Associated Press Service

BUENOS AIRES — Old wounds were reopened Sunday as President Carlos Menem pardoned military officers who supervised the killing of about 9,000 Argentines and the torture of thousands more during the "dirty war" of the late 1970s.

Mr. Menem announced presidential decrees freeing Jorge Videla, Emilio Massera, Roberto Viola, Ramón Camps, Carlos Suárez Mason and several others — all leaders or high officials of the military junta that held power from 1976 to 1983 and used its power to conduct a campaign to exterminate the Argentine left.

Also released from prison by Mr. Menem was Mario Firmenich, a leader of the Montoneros guerrilla group, whose campaign against the Argentine state was cited as a justification for the armed forces' crackdown.

Mr. Menem said he ordered the pardons to hasten "the definitive reconciliation of all the Argentine people." But polls have indicated that the pardons are highly unpopular, and immediate reaction from political leaders was overwhelmingly negative.

The pardons are meant to cool down the simmering resentment within the armed forces over the way the military was treated after democracy returned. The civilian regime has suffered four military uprisings — the most recent less than a month ago — in which rebel officers' demands centered at least partly on the desire for vindication.

Mr. Menem suffered no great political damage from a similar pardon a year ago, in which he absolved other officers accused or convicted of human rights crimes. But this time the pardons cover the architects of the "dirty war," men who cannot say they were following orders.

"It is a lie that in order to achieve national unity, society must reconcile itself with crime," said former President Raúl Alfonsín, whose administration oversaw the prosecution and sentencing of the junta leaders. "Death and violence are not proper political tools, and crimes committed with political motivation are still crimes."

Mr. Menem signed the pardon decrees Saturday but made no official announcement. Shortly before midnight, authorities at the Magdalena prison quietly began releasing the inmates. By morning the military units were back on the streets.

streets of Buenos Aires, appearing from a bitterly remembered past.

Mr. Videla, the army commander who led the 1976 coup overthrowing the hapless civilian regime led by Isabel Perón, had been serving a life sentence. Sunday, after his release, he went to Mass and released an open letter to the current army chief of staff in which he called for "the restoration of military honor."

The mid-1970s were a time of great fear in Argentina. Mrs. Perón's administration was collapsing in chaos, and the Montoneros and other leftist groups were staging spectacular assassinations and kidnappings. Many Argentines welcomed the 1976 coup, and averted their eyes while the military went about ensuring that any leftist threat was eliminated.

Suspected leftists were pulled off the streets or out of their homes and bundled into unmarked cars, never to be seen again. Some faced firing squads. Others were tortured to death in places like the Naval Mechanics School, their bodies loaded into helicopters to be dumped into the Río de la Plata.

Mr. Camps, a former Buenos Aires police chief, and General Suárez Mason, former commander of the First Army Corps, were among the most enthusiastic and efficient implementers of the junta's policies. Of the 9,000 Argentines believed killed, more than half were taken into custody in General Suárez Mason's jurisdiction.

After democracy returned to Argentina in 1983, the new civilian government conducted "Nuremberg-style" investigations and trials.

The first official testimony heard publicly from a victim was that of Adriana Calvo de Laborde, a university physics professor. On Sunday, the daily Página 12 reported portions of her account. Seven months pregnant, she was dragged from her home and kept blindfolded in an interrogation center for a month, along with other prisoners whose screams kept her awake.

When she went into labor, her guards finally agreed to take her to a hospital, but she ended up giving birth to her daughter, unassisted, in the back of a moving car.

Her interrogators never told her why she had been arrested, although they did ask questions about a friend of her husband's.

"I honestly do not think even they knew why I was being held," she said of the men who interrogated her.

SOVIETS: Police Raze Tent City

(Continued from page 1)

difficulties through no fault of their own.

The fund, which is to be held by the central government until an economic agreement is reached with the country's 15 republics, will finance projects "in the interests of all republics," Mr. Gorbachev stated in the decree.

Its resources will be drawn from money previously allocated for social security contributions, factory maintenance, profits resulting from price increases and revenue from privatization.

Areas that will benefit include scientific research, conversion of military facilities for civilian production and special subsidies to republican economies.

The wording appeared to reflect Krasnina's concern that leaders in the republics might interpret the decision as an infringement on sovereignty.

The central government is already involved in a dispute with the Russian Republic over contributions to the 1991 Soviet budget.

The disagreement threatens to paralyze the economy.

Russia has said it will slash its budget contribution to 23.4 billion rubles (\$41.4 billion), 119 billion rubles less than in 1990.

Finance Minister Valentin S. Pavlov said the new stabilization fund would pave the way for market-oriented change by shielding unprofitable enterprises and people below the poverty line.

He said the measures to support money-losing enterprises would prevent unemployment that might result from businesses' closing in competitive market conditions.

In the decree, it was recommended that republics set up similar funds outside their normal budgets.

The sales tax was set at 5 percent and is aimed at financing central and republican government projects, supporting poorer citizens and stabilizing the economy. Seventy percent of the tax revenue will go to republican budgets and the remainder to the federal budget.

(Reuters, AP)



THE STREETS OF SOFIA — A homeless woman holding her young son Sunday in central Sofia. Thousands of beggars and homeless people have poured onto the streets since changes in Bulgaria a year ago brought a measure of democratic freedom.

MONEY: Hard Times Mean U.S. Cities and States Must Either Raise Taxes or Cut Services

(Continued from page 1)

raised taxes. Altogether, 14 governors' offices changed political parties in the upheaval against the old order.

The pressures to spend are enormous. They range from the public's demand for better schools and harsher punishment of criminals to an increased number of elderly people who need help with nursing home costs. For instance, Medicaid, the health program primarily for the poor and disabled, now accounts for 12 percent of state spending; 20 years ago it was 3 percent.

In many cases the pressure to spend comes from the federal government itself. The growing body of federal rules and regulations often place new responsibilities on states and cities without providing sufficient money to carry them out.

And the situation is unlikely to improve soon because the budget compromise worked out this fall by Congress and President George Bush provides some added money for domestic programs this year but freezes domestic spending for the next two years and restricts its growth for two years after that.

Sometimes the pressure comes from the courts, which have forced states to build new prisons to ease overcrowding or to make costly changes in education programs.

Unlike the federal government, which can and does operate at a deficit, all states but one — Vermont — are legally bound to have balanced budgets. So, their options are limited to raising taxes or reducing spending.

Experts say many states will be forced to raise taxes in the next year or two. And some predict that the electoral drubbing that many governors suffered in November will turn out to have been but a preview of 1992.

Although the converging trends have produced a crisis atmosphere in governors' offices and state legislatures, they spell special disaster for poverty-stricken inner cities, said Richard P. Nathan, director of the Rockefeller Institute of Government at the State University of New York at Albany.

Twenty-seven states are being forced to reduce spending below what they had planned this fiscal year to head off a deficit, according to the National Conference of State Legislatures.

They are eliminating programs, freezing hiring, laying off employees, raising college tuitions, increasing fees and fines, using up savings and doing almost anything to avoid raising taxes.

The Northeast is hurting most. New York state is laying off 10,000 employees, Massachusetts has al-

ready laid off 1,700 and Connecticut, one of the handful of states that do not have an income tax, may impose one, something once considered unthinkable there.

The states having the least trouble balancing their budgets this year are primarily those in the West with growing populations and energy-rich states that are benefiting from the rise in oil prices since the Gulf crisis began, as well as slow-growth states like Arkansas and West Virginia that for years have tried to keep a tight rein on expenditures.

In more than half the nation's cities, meantime, spending is outpacing revenue this year, largely because of declining economic conditions, loss of federal and state aid and state prohibitions on increasing local taxes, the National League of Cities said.

Philadelphia, which has already cut \$65 million from social service programs this year, may not be able to pay its 25,000 workers their full pay after Jan. 4 and may soon be insolvent.

New York and Washington each plan to lay off thousands of city workers and teachers. Los Angeles and Louisville, Kentucky, have already closed neighborhood health centers.

And New Orleans dealt with an expected \$42 million deficit in 1991

partly by budgeting only enough money to run the criminal justice system and neighborhood health clinics for just six months in the hope that the state will make up the difference. But the governor of Louisiana, Buddy Roemer, said, "We can't spend the money we don't have."

The plight of cities is raising old questions about shared responsibility. "The cities have a disproportionate burden to carry, and nobody wants to talk about it," said Alair A. Townsend, who directed the New York City Budget Office under Edward I. Koch, the previous mayor.

"New York or Chicago or Philadelphia cannot solve these problems on their own."

One problem for New York, Philadelphia, New Orleans and many other financially troubled cities is a limited taxing authority.

Financial distress is focusing attention on a historic shift over the last decade in federal relations with the states and cities.

Federal grants, which blossomed during the Depression and President Lyndon B. Johnson's "Great Society," peaked in the late 1970s as the federal deficit began to mount. Under Mr. Reagan, federal aid declined, and more responsibility was transferred to the states.

British Recover Stolen Gulf Data

Reuters

LONDON — Secret papers that may have covered British military deployment in the Gulf were stolen from a Defense Ministry car in London but were recovered by chance. The Defense Ministry confirmed that classified documents had been stolen in Action Dec. 17.

The papers had been used at a briefing between Prime Minister John Major and Air Marshal Sir Patrick Hine, joint commander in chief of British Gulf forces, the Mail on Sunday said. The newspaper said they were believed to contain information that could have endangered British forces if they had fallen into enemy hands.

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Kaifu's Cabinet Shuffle Betrays Tenuous Grip Amid Political Feuding

Washington Post Service

The party said it would stick to its goal of quadru-

The state-run television Sunday night showed China's leaders presiding over the meeting in the Great Hall of the People. Mr. Jiang, the party chief, delivered an "important speech," reported the offi-

ordered troops to quash the demonstrations. Earlier this summer and fall, there were persistent reports that Mr. Zhao and Mr. Deng had met, and that Mr. Zhao would be rehabilitated.

By making the changes, Mr. Kaifu bowed to pressure from his political patrons and underlings. In the last week Mr. Kaifu

Reuters

But even more valuable for the rivals is the amount of face at stake. Mr. Kasparov entered the match as a four-point favorite on the strength of his recent tournament successes. For him, nothing less than a clear victory over Mr. Karpov can be considered a success.

Former President Chun Doo Hwan and his wife, Lee Soong Ja, arriving in Seoul on Sunday.

The Associated Press

Radicals and dissidents have demanded that the government prosecute Mr. Chun, contending that he ordered the military to crush a 1982 pro-democracy uprising in the city of Kwangju. By official accounts, about 200 people died and more than 1,500 were injured.

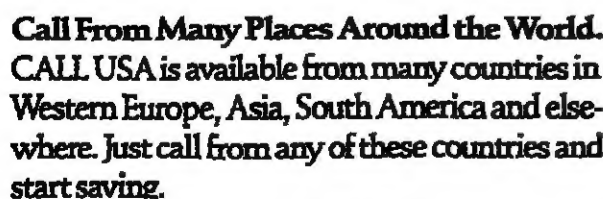
Washington Post Service

The Diet resolution does not have the force of law. But there is a growing sense that a new capital, in some rural area an hour or a

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INTERNATIONAL Herald Tribune

Encourage Gorbachev

Mikhail Gorbachev? The reformer of the Soviet Union, the one who has pushed for a new era of openness and reform, the one who has saved the Soviet Union at all costs? Americans have reason to wonder, and cause for concern. But they would be wrong to ignore the continuing revolution in Soviet society and the moment's political machinations.

Soviet reformers are themselves uncertain of what to make of Mr. Gorbachev's increasingly conservative behavior. Sensing a mood shift in Moscow, some actually applaud his efforts to restore order. Their hope is that he will tame the tiger of reaction and consolidate reform before renewing it. Others, like the most reform-minded of his inner circle, Eduard Shevardnadze and Alexander Yakovlev, warn of impending dictatorship. Yet even they have warm words for him.

Mr. Gorbachev's reformist critics fall into two camps. One is composed of radicals who favor the breakup of the Soviet Union. They, along with those who cheer them on from outside, call for Mr. Gorbachev's overthrow. But they have always underestimated his radicalism and his perseverance, while overestimating their own support.

The other camp consists of reformers who have grown disenchanted with the pace of change. They fear that he has been co-opted by apparitions who identify free speech and markets with chaos.

But these critics do not include Mr. Shevardnadze or Mr. Yakovlev. The real enemy, they still say, is not Mr. Gorbachev but the forces of reaction deeply entrenched in Moscow's ministries, the security forces, the Communist Party apparatus and regional military commands. "We are witnessing the rise of a vengeful and merciless

conservative wave," Mr. Yakovlev said last week. "I'm extremely worried by the indifference and fatigue of the democratic forces." Now both he and Mr. Shevardnadze are on the outside looking in. And both may lose power on what is now the central issue confronting Mr. Gorbachev—how to reconstitute the union.

Both men favor decentralization to allow reformers in the Russian Republic to plunge ahead while republics in Central Asia proceed more slowly. And they want to cede more power to the republics as a way for leaders who favor the union to head off independence movements. The exceptions are the Baltic republics. Mr. Yakovlev admits that they were forcibly incorporated into the Soviet Union, implying that they eventually deserve independence.

Such fine distinctions seem to be lost on Mr. Gorbachev just now. The immediate task, as he sees it, is to restore order. And to do so he has turned to the bureaucracy, the military and the KGB. The great fear—not only in Moscow but also in Washington—is that Mr. Gorbachev's alliance of convenience will restore the reactionaries and torpedo reform. That could happen.

But the social revolution has moved too far for any lasting return to the days of Stalin, or even Brezhnev. No longer a peasant society, the Soviet Union is increasingly urban, educated and cosmopolitan. Mr. Gorbachev knows all that, and more. He knows that technological accomplishment cannot proceed without free discussion, and that social renewal cannot come without a relaxing of central command. For now, and as long as the transformation of the Soviet Union continues, it still warrants America's watchful encouragement.

—THE NEW YORK TIMES

The Israel Connection

To keep up the United States' traditionally friendly connection to Israel has been one of the more vexing tasks of American policy in the Gulf. In an ultimate combat situation, Israel's formidable intelligence, planning and military resources make it a strength. But short of that point it is a weakness: It ties Washington to unrequited Palestinian nationalism, an issue of tremendous volatility in the Arab world. American strategists have had to think out how they could neutralize the possible ways by which Saddam Hussein might exploit the antagonistic feud to Israel by Washington's Arab partners. One response has been to advise Israel to take up a "low profile"—to demonstrate that it is not part of the anti-Iraq coalition. But a cynical Saddam Hussein has refused to go along. He has sought, after the fact of his aggression, to pose as the champion of the Palestinians, and he has repeatedly and provocatively threatened to make Israel his first target in a war.

What to the United States is a vexing regional problem, however, is something different and more grave to Israel. Saddam Hussein's threats, politics and weapons constitute for it a real security danger. This has caught both the United States and Israel in a dilemma. The United States must be faithful to its friendship for Israel without affording Saddam Hussein a gratuitous political opening. Israel must play a discreet crisis role without endangering the current or future safety of its citizens, who sit within easy bomber and missile range of Iraq. Earlier, an alarmed Israel went through a phase of speculation, partly out loud, on the conditions in which it might feel compelled to strike first. For Israel, preemption has a metaphysical cast relating to its survival as well as a political cast related to its defense. The United States necessarily took the view that Israeli preemption could shatter the anti-Iraq coalition. It did respond all the same to Israel's expressed anxieties in a serious way—with an acknowledgment of the danger, a reaffirmation of American concern and a fresh offer of crisis consultation.

The recent Israeli emphasis on holding to a posture of deterrence, rather than preemption, suggests that Washington's message has got through to Jerusalem. Whether it has got through to Baghdad is less certain. An Iraqi decision to initiate open conflict with a provocative attack on Israel, notwithstanding the punishment Iraq could expect in return, remains one frightening crisis scenario.

Between the United States and Israel major differences remain on the Palestine issue. Difficult as it may sometimes be to separate the two matters, however, no differences can be permitted on the issue of Israeli security. The Gulf crisis is posing a demanding test. So far the two countries are meeting it.

—THE WASHINGTON POST

Rebuilding Takes Time

As Eastern Europe goes into another winter, conditions of life for its people are steadily deteriorating. The old economic system is collapsing faster than a new one can be built, and people whose lives were merged enough under the Communist regime are now being well off. They know that Western Europe got rich after World War II, and they are desperately looking there for the examples to guide them in jump-starting their own prosperity. But it is easy to forget that the recovery in the West began slowly, and that the rise to real wealth, comparable to America's, took a generation.

A lot of useful lessons can be drawn from Western Europe's post-1945 experience, and one of the most important is a matter of politics. Expectations in the West in those years of rapid progress were low, and people knew that many years of hard work lay ahead of them. In contrast, the extremely high expectations in Eastern Europe are turning into a real menace to the newly elected governments there, as the Polish election demonstrated. A lot of people thought that the end of the Soviet empire would automatically mean a great leap upward in standards of living. There is not yet much appreciation for the time and effort that will be required.

The West also had some important advantages that the East Europeans lack. The Organization for European Cooperation and Development, a sort of council of economic advisers for the industrial democracies, held a conference recently on Eastern Europe's prospects, and some of the close watchers made that point. Western Europe's experience with markets and parliamentary democracy was much more extensive and more recent in 1945 than the Eastern countries' is today. People in the West knew a lot about organizing both companies and political parties; in most of the Eastern countries, it is going to take time to learn those skills. While the Marshall Plan of 1948 was a crucial part of the postwar recovery in the West, it was a

response to the Soviet threat, and nothing so dramatic exists today.

The danger currently is less visible. Eastern Europe is beginning to show a certain resemblance to the years after 1918, when uncertain new countries, suddenly set free from the old empires, were left to drift with the tides of power politics. That history makes a strong case for vigorous Western help now—investment, humanitarian aid in emergencies, relief from the debts that the Communist regimes run up, and above all ensured access to the markets of the rich Western countries. But to make good use of it, East Europeans are going to have to acknowledge that building the West European economy was slow, difficult work, and that it is not likely to be any easier or quicker in the East.

—THE WASHINGTON POST

Other Comment

The Gulf Issue Isn't Kuwait

When Eisenhower procured for Nasser his triumph over Suez in 1956, a great deal of radical and very dangerous mischief followed all over the region. A deal with Saddam would make George Bush his own Eisenhower. Such a deal is already on offer. The secretary of state has publicly declared that if Iraq withdraws from Kuwait unconditionally, the United States will not seek to attack it. The real issue, however, is not Kuwait, but Iraqi military power.

Iraq's military power has been bought with OPEC money. A deal with Saddam will leave intact not only its military power but also the ability to augment it through a constant and perhaps increasing flow of oil money. Which Brazilian nuclear manufacturer, which German poison gas factory will resist a lure which had proved, until August 1990, so irresistible?

—Elle Kedourie, commenting in *The Sunday Telegraph* (London).

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OPINION

A Tremendous Sense of History Moving

By Flora Lewis

PARIS — The old idea was that history was about kings and popes and wars — people, yes, but only the few who held dazzling power. Their follies, their ruses and their determination seemed decisive, regardless of anybody else.

Then came Marx, arguing that history was made by economics, "the relations of production" determining winners and losers. Later, Fernand Braudel focused on geography, climate, the outside factors which require accommodation for survival.

One way or another, these approaches made the story of society a juggernaut beyond the capacity of most people to direct. They could only submit or try somehow to escape.

The most insidious feature of ideology is the claim to certainty, whether based on "scientific logic," as the Communists pretended, or for the fundamentalists, on revelation. Ideology offers no choice, excluding all other views as wrong or evil. It is a prostitution of hubris, proclaiming: "I have made the perfect bed for your repose. If you don't fit it's your fault and you must be chopped or racked until you do."

Still, the appeal of such theses must be recognized. Ideology responds to a deep human yearning for certitude, affirmation of perfectibility. It suggests that it is possible to remove all social and human flaws, to remake not just the world but man himself, if the command for obedience is accepted.

The temptation brings disaster. Inspiration is always needed, but when it leads to belief in the right to dictate, it is only touch with humane reality. Responsibility is transferred from the

individual to the abstraction, and the visionary and justifies all means.

This growing awareness lies behind the collapse of communism and the renewed rise of nationalism. More and more people are coming to realize that they can choose their history. What is neither immutable nor inevitable.

That is why these times are so stirring, so exciting for the journalist, whose job is to find out what people are up to and what is on their minds. The scene keeps getting bigger and more crowded. There is no end of rich roles to probe.

Leaders still matter, of course, and in one sense more than ever because they are more visible and accessible and curiosity is better slaked. But in another sense they matter less, because they can be challenged. The limits which surround even towering figures can be seen, bringing them back to human size.

The journalist in the wings of events, watching both the performers and the audience, notices that perhaps more than most. There is such a thing as greatness, but reverence is inappropriate because one can see the wars and has to tell about them, betraying the vocation to the task of my-making.

Nowadays, making myths is called "public relations." It is an attempt to manipulate choice and it can have powerful impact, but it is also an acknowledgment that choice exists, that people are making their own decisions all the time.

The closer you get to the principals, the more evident it is that personalities do make a difference.

choice. Policies are molded by cumulative forces involving great numbers of people, but how and when history is joined in one tale or another can depend on very few.

That is the fascination of leaders, who are at once symbols representing these swirling pressures and their active expressions. "Power is the greatest aphrodisiac," Henry Kissinger once said, but he knows how to put personality at the service of enhancing power.

Margaret Thatcher put power at the service of personality, which was both her strength and her vulnerability. Ronald Reagan played through on chords of charm and cheer, letting others fuss about the prospect of power. George Bush, a nice man, understands the benefits of power but wants to appear a graceful fencer, and he says:

Mikhail Gorbachev has used both power and personality as complementary tools, but he is floundering because the courage he showed to prepare the world for transformation of his country failed him on the home front.

The interaction between individuals who reach the heights of command and the swelling crowds, whose the direction and the limits marks this period. It brings surprises and a tremendous sense of history moving. It is no longer a faceless or even a mysterious force, it is a choice we can see being made.

What a wonderful time to have been able to watch up close. I conclude writing this regular column with the feeling that I've been very lucky and the wish to you to make us all a truly happy New Year.

The New York Times

Russians Don't Need Charity

By Stephen S. Rosenfeld

WASHINGTON — It no longer makes sense to think of the Soviet Union as a great power — its large and lingering nuclear arsenal aside. Almost everyone agrees on that. But there is a reluctance to go the next step and to recognize that it is truly a country of the Third World.

The key signs are there. The economy is state-controlled and failing. Politics is a debilitating struggle between those who would impose one or another version of stability from the top and those who would give more play to the forces — some democratic, some enlightened — welling up from the bottom. Ethnic or tribal tensions scream. Foreign policy is in retreat from any effort to take a substantial part in a world design and focuses instead on improving access to foreign investment and aid.

It would be encouraging if sounder leadership — Washington's usual recipe for whatever ails anybody — were the answer. Increasingly, however, efforts to advance economic reform and political democratization are seen to come to grief on immutable facts of the national history.

George Kennan writes in *Foreign Affairs* that he "surely is not alone in noting a certain comparative brutalization in the faces one now encounters on the Moscow streets — a result, no doubt, of long exposure to not only the exactions of a pitiless dictatorship but also the ferocious petty factions of daily life in a shortage economy." Soviets themselves speak of a depletion of the genetic pool.

To Americans, who were beginning to get accustomed to treating the Soviets as an equal of sorts and as a political partner, it comes as something of a shock to recognize that the new hard-learned lesson of global parity has a half-life of about three months. The date is somewhat arbitrarily chosen, but it was just last September at their Helsinki summit that George Bush and Mikhail Gorbachev stepped into what seemed like the enchanted circle of a new, jointly fashioned world order.

Now, in the Gulf anyway and inferentially elsewhere, it is evident that whatever result is coming will arrive strictly as a result of American (and, in the Gulf, Iraqi) decision. The crush of domestic crisis has sidelined Mr. Gorbachev and his country indefinitely in world affairs. Americans find themselves dealing not in the first instance with a partner in politics but with a petitioner for aid. The Kremlin's Gulf "contribution" comes down to allowing Mr. Bush the liberty of moving military units from Europe without fear of European consequences.

Europeans seem to have adjusted quite easily to the Soviet Union's transition to Third World status, which they describe as a transition back, after 70 years, to European status. This is the basis on which Soviets suddenly become the beneficiary of a powerful charitable surge in Europe. News reports tell of widespread citizen as well as government involvement in aid meant to get Moscow through the winter. In Germany, where a particularly strong charitable impulse feeds off several different sets of German feelings for Slavs, contributions to real Third World causes are said to be down by a calamitous 95 percent.

At least during this holiday season, European and even official American thoughts of conditioning aid on Soviet internal reform are dissolving in compassion and international fellowship. A pseudo-logic is being put forth to explain the necessity and the advantage to the West of helping out the Soviet Union, consolidating its new peaceful policy and keeping Mr. Gorbachev afloat by philanthropic gifts. This has in it the makings of multi-level disaster. Aid without reform or, to project the matter on a truer and larger scale, investment without reform ensures the waste of aid and the dissipation of investment — results that guarantee that the Western flows will be cut back or off.

Worse, the impulse of reform within the Soviet Union will be blunted as reform advocates are deprived of the crucial argument that reformers always need in order to win the internal debate: the argument that there is no alternative to the pain of reform. Surely this is the message of experience accumulated in the Third World.

How unhelpful that the urge to turn from politics to philanthropy in response to the Soviet Union should begin to pulse in the West just as four international agencies, representing the West's best collective judgment in the matter of Soviet economic development, commend the contrary virtues of discipline, balance and eventual ascendency. There this Third World country's best hope surely lies.

The Washington Post

Americans Want Priority for Home Problems

By Tom Wicker

ROCHESTER, Vermont — Despite a flood of Christmas sentimentality about "the kids over there" (this time including women), little appetite for war in the Middle East can be found among the American people; quite the opposite.

Americans, it seems to me, are deeply troubled by the sheer incongruity of mounting a huge military operation abroad, the necessary purpose of which remains unclear, while the economy deteriorates at home, our children go begging and shooting, crime spirals upward, the schools educate poorly if at all, millions neither have nor can afford medical care and bridges fall down on the homeless sleeping beneath them.

A sampling of holiday domestic news makes the point:

Dec. 20 — The Commerce Department revised its estimate of third quarter growth in GNP from 1.7 percent to an anemic 1.4 percent. The fourth quarter will be worse.

Dec. 21 — In 1990, the New York metropolitan area lost about 100,000 private industry jobs, according to a federal survey. Three more of the nation's largest banks reported millions in bad loan write-offs or dividend reductions. For 1991, U.S. businesses

plan to expand spending by only 0.4 percent, the least in five years.

Dec. 22 — The senior economist of the Federal Home Loan Bank Board said it would take three to five years for growth to resume in New York City. U.S. health care spending was announced to have reached \$804 billion last year, but although the law requires lead-posting tests for all the nation's 12 million poor children, only a third actually are being tested.

Dec. 23 — In Washington, five children, one only 6 years old, were shot by other youngsters from a passing car; there have been 471 homicides in the city this year. The federal budget office sought about \$1 billion in reductions in aid to mass transit, despite a recent increase in the parking tax.

Dec. 24 — Experts said the health of Americans in the inner cities had deteriorated to "critical condition," while the rest of us are healthier and living longer. Even the television networks suffered one of their worst years; all lost market share, and CBS announced a fourth quarter loss.

Dec. 25 — Retailers reported "the poorest Christmas season in years" as shoppers didn't show up. Signs of the first U.S. price deflation since the 1940s also were reported — bad signs for a government, businesses and people burdened with debt.

Dec. 26 — Further signaling recession, a wide spectrum of American manufacturers, caught in a price squeeze, are deferring plans to modernize and expand. Some are laying off employees.

And on and on. It is true that spending for another war might provide stimulus to a sick economy. But that is not only a distasteful way to prime the pump; it is inefficient, in lives and money. Already the Pentagon is having to pay premium prices — sometimes twice standard rates — for shipping space to the Gulf.

Anyway, it is not just economic problems but other troubles that trouble Americans as Jan. 15 nears. In Britain in 1939, leaders sought "peace in our time" and shrunk from a war to defend a people "of whom we know little." Now, in ironic reversal, many Americans sense that their most pressing problems are at home, largely unattended by leaders in the fatal grip of superpower illusions, who hasten them into ill-considered war.

The New York Times

Who Is George Bush, as the Decision Approaches?

By David Hoffman

This is the first of two articles.

WASHINGTON — The war decision is bearing down on George Bush. If Saddam Hussein refuses to relinquish Kuwait a few weeks from now, President Bush may have to decide whether the time has come to pull the trigger, putting thousands of lives and perhaps his presidency at risk for the purpose of resisting aggression in the Gulf.

No one can know the precise situation Bush will face in the next month or two when he must make this momentous decision. But clues to his possible reactions can be found in the two very distinct faces that he has shown to America and the world since Saddam's troops invaded Kuwait.

One of those faces belongs to a figure who might be described as the Statesman, a son of the American foreign policy establishment and the "wise man" who dominated it in the years from World War II to Vietnam.

In this role, as an internationalist, a staunch foe of aggression, an exponent of American moral leadership abroad who seeks to shape a "new world order," Mr. Bush has used the crisis to demonstrate that, despite his youthful urge to flee the drawing rooms of the East, he remains committed to the highest ideals of the establishment.

The Statesman, an aristocrat willing to sacrifice his popularity for the "right" decision in history, may well, in the current circumstances, go to war.

Mr. Bush's other face belongs to the Politician. Letting his emotions run away with his rhetoric, displaying a campaigner's zeal, he has sometimes allowed the confrontation with Saddam to be debased into a name-calling contest. Stung by criticism that he lacks conviction in this and other issues, the Politician protests too much that he is yielding on matters of principle.

But despite these protestations, the Politician may in fact be more cautious when it comes to war. He may decide that a costly and difficult fight is just not worth the risk.

At the same time, the decision to go to

war tests Mr. Bush in both these roles. If the Statesman decides that the only way to expel Saddam from Kuwait is with force, he cannot ignore the calculations of the Politician about how it will be received at home. Nor can the Statesman long survive without effective domestic political skills. Already, Bush's power to lead Mr. Bush's weakest point in the Gulf crisis.

He has succeeded beyond expectations in marshaling international support for the alliance against Iraq, but he has often seemed inarticulate and contradictory in trying to explain his goals to the American public. And at a critical moment, when he decided to nearly double the size of the military force in Operation Desert Shield, he seems to have given almost no thought to the reaction in Congress.

The result was a political backlash that undercut the original purpose of expanding the military threat.

In trying to assess which of these conflicting impulses will dominate Mr. Bush's final decision, let's look first at how he has performed in his Statesman role so far.

He recently summoned to the White House a group of ambassadors from countries that have joined the alliance against Iraq. According to a well-informed source, Mr. Bush said that if he had to make the decision to go to war, he hoped he would have the support of Congress and the American people. If he did not have the support of Congress, he said, he hoped he would have the support of the people. If he did not have that, either, he said, he would not be deterred from going to war if it was the right thing to do.

This may be bluster, but it is also the underlying attitude that has led many people who know him, inside the administration and outside it, to conclude that he is prepared to take the nation to war. Whatever others may say about his management of this

crisis, he fashions himself as making the "right" decisions for history.

"No question, you do not placate an aggressor," he told Time magazine in a recent interview. "You do not reward aggression. There's a lot of historical precedent to look at on this one."

In another instance, he was sharing with the press his view of a luncheon recently when one guest suggested, indirectly, that a war would not be very popular at home. The guest drew a stern rebuke from the president, who insisted that he was not being guided by press political calculations.

What he may be guided by is a threat that runs deep through his own life and times. Like the "wise men" chronicled by Walter Isaacson and Evan Thomas in their 1986 study of six influential men who shaped American policy after World War II, Mr. Bush can trace his roots back to bastions of the establishment such as Andover and Yale. His father, Prescott Bush, was a friend and business associate of Robert Lovett and W. Averell Harriman. Their elite group of public servants helped create a new world order from the ashes of World War II.

They steered America away from isolationism toward a new and difficult international role, one that eventually foundered in Vietnam. Mr. Bush as a young man rebelled from the world of his parents, but he did not abandon the world view of the establishment.

In his new biography of Henry Stimson, Godfrey Hodgson recalls Stimson's addresses at Andover and Yale in 1940, as war clouds loomed in Europe. Defying the isolationists in his Republican Party, he made the case for conscription, national preparedness and, if need be, war. The speech was followed a few days later by Franklin Roosevelt's offer to Stimson to be secretary of war. Two years later, Stimson, again at Andover for commencement, warned the class of

1942 that the war would be a long ordeal, and that while the United States needed fighting men, the young Andover graduates should continue on with their education.

George Bush had already decided to enlist in the navy on his 18th birthday. "You've got to remember that in the end of the '30s there was kind of an isolationist fever in some quarters," he recalls in the Time interview. "People saying, 'Hey, that's not any of our business.' There's a parallel there for what some feel about the Persian Gulf today. Let somebody else figure this out. And it's my view that nobody can, except the United States."

The writer covers diplomatic affairs for The Washington Post.

100, 75 AND 50 YEARS AGO

1890: Wounded Creek

NEW YORK — A great fight has taken place with the Indians at Wounded Creek, and there has been much loss of life. Big Foot, having declared that he was ill, surrendered with 150 of his braves to Major White and the Seventh Cavalry. Finding, however, that the remainder of the Indians were unwilling to give up their arms, the cavalry, which was 500 strong, surrounded them and closed on them to within gun reach. Suddenly the braves, snatching their guns from beneath blankets, poured a concerted volley into the troops, who were taken unawares. A bloody fight ensued.

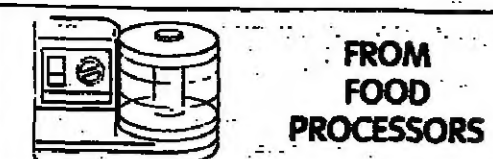
1915: Prince Returns

ROME — The return of Prince William of Wied to Albania is confirmed. Having organized the Albanian tribes at Prizren with the assistance of the Austrians, he is advancing to drive the Serbians from the south of Valona and regain the throne of Albania.

1940: Hitler Messages

BERLIN — Fuehrer Adolf Hitler, in a New Year's message to his fighting forces and in another message to the members of the Reich party, assured the people of the Reich today [Dec. 31] that 1941 would bring them total victory, but denied that Germany or Italy would attempt to conquer the world. At the same time the German press released a torrent of denunciation of President Roosevelt's speech Sunday night [Dec. 29] urging more American aid to Great Britain. The message to the army, issued in the form of an order of the day, was followed by others to their various commands from Hitler's chief lieutenants. Although Dr. Fuehrer made no mention of Mr. Roosevelt in either message, he asserted in words exceeding even his usual vigor of expression that intentions of world conquest attributed to him were "infamous lies."

— From the New York edition of the New York Herald Tribune.



BUSINESS/FINANCE

MONDAY-TUESDAY, DECEMBER 31, 1990 - JANUARY 1, 1991



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WALL STREET WATCH

First Interstate Discovers Road to Recovery Is Hard

By Richard W. Stevenson
New York Times Service

LOS ANGELES — Earlier this month, Marvin Davis, the oilman turned stock speculator, wrote to the management of First Interstate Bancorp. demanding that the company share up or put itself up for sale. He said First Interstate's shareholders were distressed with the company's "deteriorating financial condition and results of operations over the past few months."

The only problem with Mr. Davis's message was its timing. First Interstate still has a host of problems, and its depressed stock price may yet attract an unwanted takeover bid. But rather than deteriorating in recent months as many other banks have, the company has shown signs of a turnaround under its new chairman, Edward M. Carson.

By shrinking First Interstate from \$59 billion in assets to \$53 billion, raising money in a stock offering earlier this year and retaining earnings, First Interstate has substantially improved its capital position.

The company stopped borrowing money in the form of commercial paper and has instead raised more in the form of stable deposits. And unlike last year, the company has been profitable every quarter this year, due in part to the absence of any huge write-downs from problem loans.

"We see a slow but steady pattern of improvement," said Thaddeus Paluszak, an analyst at Kidder, Peabody & Co. "We are not saying the company is totally out of the woods. But dealing with the problems will in my opinion be manageable, and we are not expecting more of the kinds of huge loan-loss provisions that have battered earnings and shattered investor confidence."

Mr. Carson, 61, who has spent his entire career with First Interstate, succeeded Joseph J. Finola as head of the company on June 1.

Mr. Finola built First Interstate into the 10th-largest U.S. bank holding company through acquisitions in the West and Southwest, including an ill-timed push into Texas in 1988.

THE COMPANY Mr. Finola built has the tremendous advantage of having more than 1,000 retail branches spread through 14 states, giving First Interstate the ability to raise vast sums at low cost in the form of consumer deposits.

But its network of banks has also been hobbled by inefficiencies, with many of the bank subsidiaries having little more in common with their counterparts in other states than the First Interstate name.

And geographic sprawl has proved more a curse than a blessing for the company in recent years, while its fortunes have not been tied to the economy of any one state, they have suffered successively from problems in Texas and Arizona and are now threatened by a downturn in California.

Mr. Finola began the process of correcting the mistakes and transforming First Interstate, as industry executives put it, from a company of banks into a banking company. But it is Mr. Carson who must prove the company can live up to its potential.

In recent months, Mr. Carson has started or accelerated moves to cut First Interstate's costs, trim the company's size, root out and deal with bad loans, force the bank subsidiaries to work more closely with each other and build capital, which is the financial buffer against losses.

After losing \$124.5 million last year, primarily because of huge reserves it was forced to set aside to account for troubled loans in Texas and Arizona, First Interstate has been steadily profitable this year, with net income of \$37.7 million through the first three quarters.

Even so, earnings are still being held down by the level of problem loans and foreclosed real estate. The company calculates that the \$1.9 billion of bad loans and real estate on its books costs it \$700 million a year in administrative and carrying costs and forgone interest income.

First Interstate's share price, which had been sliding for a year, plummeted this summer along with other bank stocks, reflecting worries about the national economy and weakening real estate markets, but it has since recovered.

The stock traded at \$24.45 at close Friday, and well above its low several months ago of \$15.625. That increase is larger than the gains of most other major bank stocks since the summer.

The question, analysts say, is whether Mr. Carson can improve First Interstate's bottom line and stock price sufficiently and fast enough to avoid a revolt among the largest shareholders that would lead to a sale of the company.

U.S. Panel Makes it Official: Recession Is Here

By Louis Uchitelle
New York Times Service

WASHINGTON — Millions of Americans believe that the nation recently entered a recession, but like players in a baseball game, they must wait for the umpire — in this case a committee of prominent economists — to make the official call. Now the ruling has come, but weeks ahead of schedule.

Normally, the committee, known as the Dating Committee of the National Bureau of Economic Research, issues its ruling only after observing six or more months of hard times.

But this recession has been so anticipated by the public and so chronicled in the news media that the committee members said they felt nervous and uneasy remaining silent in the midst of the public uproar over hard times. So in a rare, jump-the-gun ruling, the committee has declared a recession that

probably began in the summer, most likely in August.

"We did not want to be viewed as laggards," said Victor Zarnowitz of the University of Chicago, one of the seven committee members.

"If we had waited a few months to say something, when most people are convinced that we are in a recession now, then we might have been laughed at."

Never before has the Dating Committee declared a recession ahead of its normal schedule. The same seven committee members, for example, waited until Jan. 8, 1982, to announce that a recession, the worst since World War II, had begun the previous July.

Similarly, they waited until July 8, 1983, to declare that the recession ended nearly eight months earlier.

In the present case, many other economists, of course, have speculated that a recession started during the summer. But the Dating Committee, and its parent organization, a prestigious private academic group based in Cambridge, Massachusetts, operate on another plane that carries far more weight.

The committee's seven members, each an expert in a different aspect of economics, are considered by government officials and fellow economists to be impartial and highly qualified to decide when recessions begin and end.

Even this early ruling makes the recession that everyone sensed was under way more or less official — and in the process, forces government officials and others to deal differently with the economy. It is likely to silence the optimism still coming from a handful of economists and politicians who have maintained that the current economic downturn was not severe enough to qualify as a recession.

Until recently, Bush administration officials had not used the word recession, and the Federal Reserve Board has not yet explicitly described what is happening today as a recession. Now the Fed might be under more pressure to explain why it did not recognize the onset of a recession last summer and take action then to reverse the decline.

Still, the committee members normally try to function as historians rather than as "chroniclers of real time action," as Robert M. Hall of Stanford University, the committee's chairman, put it.

The early announcement, made public in a news release distributed last week, suggested that the final determination will not be made until January or February at the earliest.

"It appears likely that the committee will identify a month between June and September 1990 as the peak of activity in the economy and onset of a recession," the committee said.

Some economists, gathered in Washington for the American Economic Association's meeting, said the committee's ruling was a relief.

See ECONOMY, Page 9

Germany Warned On Rates

Bundesbank to Defend Currency

FRANKFURT — Higher interest rates might be needed to preserve the attractiveness of German capital markets if confidence in the Deutsche mark is lost, the Bundesbank deputy president, Helmut Schlesinger, said Sunday.

A strong mark would limit the burden of raising money to pay for German unification, Mr. Schlesinger said in a radio interview.

"Next year's capital market burdens will stay at current levels if we can maintain the market's trust in the mark," Mr. Schlesinger said. "If this trust is lost, we would have to expect higher interest rates to raise market attractiveness for investors."

Mr. Schlesinger said the Bundesbank would work to preserve the strength of the German currency. In recent months, the mark has climbed toward the top of its band with the European Monetary System's Exchange Rate Mechanism because of firm German interest rates.

The Bundesbank vice president also argued that investment incentives would be the most effective financial means to stimulate economic recovery in the eastern part of Germany.

Such incentives, where the state pays part of any private corporate investment, would be more useful than lower taxes or laws to make write-downs of corporate assets easier.

Members of Chancellor Helmut Kohl's junior coalition partner, the Free Democratic Party, have called for lower taxes in eastern Germany to help stimulate the economy.

Lower tax rates and easier regulations for write-downs were only interesting for companies which were already profitable, Mr. Schlesinger said.

He said he expected the economy in east Germany to grow during 1991, but he declined to say when in the year growth would start. "We do not have a solid groundwork for an exact prediction," he said.

Some east German economic sectors like retailing, tourism and banking were already expanding, he said.

Mr. Schlesinger renewed calls for budgetary discipline from the Bonn government and from regional states and local authorities.

For their part, Bonn officials have said recently that the deficit is under control and that further interest rate rises are not needed.

He estimated the public sector deficit at 80 billion Deutsche marks (\$32.8 billion) in the second half, noting that it was forecast to rise to 140 billion or 150 billion DM in 1991.

He said German monetary union had increased confidence, demand and strongly, boosting imports and leading to the transfer of funds from western to eastern Germany. "We are already at the limits of what is possible while to maintain price stability," he said.

China Backs Open-Door Policies for Next Decade

Agence France-Press

BEIJING — The Chinese Communist Party's Central Committee on Sunday adopted an economic blueprint for the next decade that upheld the open-door and reform policies of the 1980s, but failed to put forward any concrete proposals.

The plenum of the Central Committee, presided over by the general secretary, Jiang Zemin, was held behind closed doors at the Great Hall of the People from Wednesday.

It had been delayed for months due to jousting between factions within the party over the pace of integrating greater market forces into the economy.

The wording of the final communiqué, adopted by 171 full members and 167 alternate members of the Central Committee, was vague, offering few, if any, initiatives. It was carried by the official Xinhua news agency.

The statement hailed China's "tremendous achievements" since 1978, when senior leader Deng Xiaoping did away with the strict Marxist-Leninist interpretation of economics and launched a program of liberalization.

Of note was the statement's reference to a party conclusion in 1978 that China was at the "primary stage of socialism," under which Marxism allows for the development of market forces.

But in fact, that conclusion was reached at a landmark congress in 1987 led by the now disgraced Zhao Ziyang — then the reformist party general secretary — that adopted bold enterprise reforms.

By attributing such a conclusion to Mr. Deng, analysts said, it validated the reform policies that have been under attack since Mr. Zhao was ousted in June 1989.

The communiqué listed five major goals among them to "firmly push forward reform and opening to the outside world" and to "firmly follow the building of socialism with Chinese characteristics."

Pizza Hut in Moscow: Hold the Red Tape

By Allen R. Myerson
New York Times Service

MOSCOW — On a fall Friday, just after Pizza Hut's first two Soviet Pizza Huts, a small yellow Lada purred up to the curb outside the larger one.

Out stepped a slight, middle-aged woman, a sanitary inspector from the city's Kirov district. Pizza Hut had failed to file all the necessary papers, she said, including venereal disease tests for every employee.

"This is the cleanest restaurant in Moscow," protested Andrew Rafalot, Pizza Hut's regional director for the Soviet Union and Eastern Europe. The inspector shrugged and waved the doors shut.

Just days before, American executives and Soviet officials had hailed the restaurants as evidence of a new epoch, the fruit of perestroika. Said Donald M. Kendall, head of PepsiCo's executive committee, "We hope that today's opening sends a clear message to the world that Western-Soviet business initiatives can succeed."

Welcome to fast-food capitalism in the Soviet Union, where doing business requires a mastery of bureaucratic intrigue, socialist economic, international trade and jungle survival techniques.

With 16 years of experience here, PepsiCo presumably knows the system as well as anyone. After several calls to Soviet officials, the Pizza Hut reopened in time for Saturday night. Both restaurants are now attracting crowds.

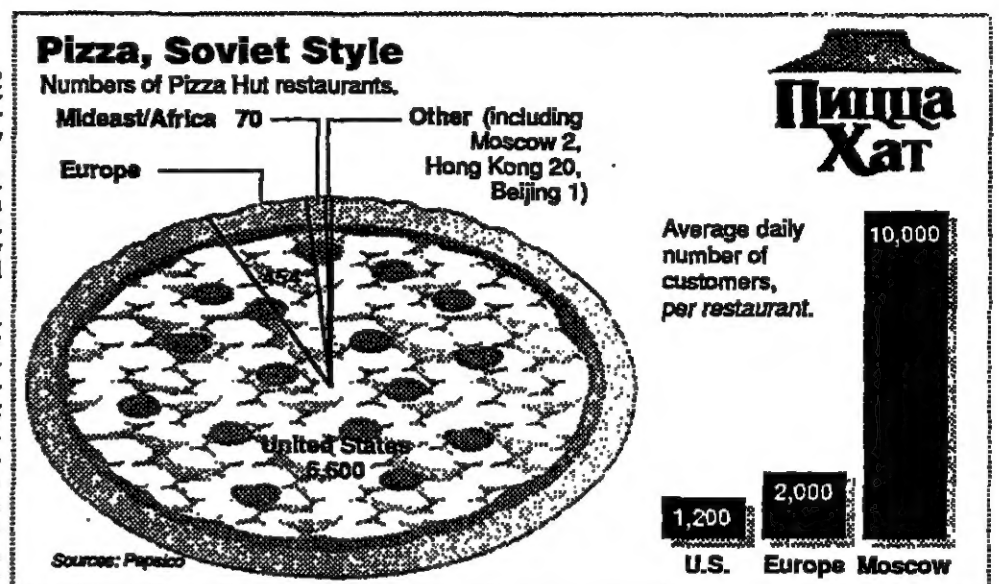
But even a company as well-connected as PepsiCo, maker of the most widely available consumer brand in the Soviet Union, cannot insulate itself from growing turmoil.

Soviet President Mikhail S. Gorbachev has courted Western businesses, but others, including the chief of the KGB, have said they represent an intrusion and a security threat.

One reason Mr. Rafalot left most of his belongings in Britain is his fear of economic collapse and social chaos.

As he said even before the leadership went so deeply into crisis, "There could be a time when we have to pack a few suitcases and get the family out real quickly."

By last week, he was reckoning with food costs that had, in some



cases, more than tripled. In coming weeks, he plans to raise menu prices as much as 50 percent.

Many American consultants and trade officials are advising caution about Soviet ventures. Without huge stocks of patience and capital, businesses thinking about coming here might best wait until the nation settles down, they say.

"The obstacles are just overwhelming," said Richard E. Ensign, a specialist in Soviet economic reform at Columbia University. "Anyone trying to invest had better enjoy risk."

McDonald's Corp. has armed itself against those risks by building a \$45 million plant to make its own beef patties, pasteurize its own milk and bake its own buns.

A 700-seat restaurant — its largest — opened here last January, beating Pizza Hut by eight months and generating front-page American coverage when Soviets waited for hours to get inside.

But when the state raised meat prices in October, McDonald's nearly doubled many of its prices, and customers often could walk right in.

Pizza Hut has taken a more modest approach, spending just \$4.8 million and relying on private-sector farmers and existing channels of supply.

CURRENCY RATES

Cross Rates	Dec. 28
Australia	1.00 2.38 1.00 2.38
Canada	1.00 1.33 1.00 1.33
France	1.00 6.55 1.00 6.55
Germany	1.00 1.93 1.00 1.93
Italy	1.00 1.36 1.00 1.36
Japan	1.00 163.26 1.00 163.26
Netherlands	1.00 2.20 1.00 2.20
Switzerland	1.00 1.48 1.00 1.48
United Kingdom	1.00 1.78 1.00 1.78
Other Dollar Values	
Argentina	1.00 23.36 1.00 23.36
Australia	1.00 1.52 1.00 1.52
Canada	1.00 1.33 1.00 1.33
France	1.00 6.55 1.00 6.55
Germany	1.00 1.93 1.00 1.93
Italy	1.00 1.36 1.00 1.36
Japan	1.00 163.26 1.00 163.26
Netherlands	1.00 2.20 1.00 2.20
Switzerland	1.00 1.48 1.00 1.48
United Kingdom	1.00 1.78 1.00 1.78

Singapore Oil Refiners Boost Capacity

By Michael Richardson
International Herald Tribune

SINGAPORE — Amid economic uncertainties caused by the Gulf crisis, oil refiners in Singapore are planning to spend more than \$1 billion over the next few years on projects to expand and upgrade production.

Company executives and analysts say that more sophisticated and efficient refining is needed to meet increasing regional competition and rising demand for lighter, higher-value products, particularly jet fuel, diesel oil, gasoline and asphalt.

In the latest of a series of refinery expansion plans for East Asia and the Western Pacific, the Chinese Petroleum Corporation of Taiwan and Pacific Resources Inc. of the United States announced agreement in Hong Kong recently to "explore building a joint venture refinery" to process about 150,000 barrels of crude oil per day. It will produce mainly light transport fuels and lubricants for export.

Petroleum Resources is a subsidiary of BHP Pty. Australia's largest company. Don Norton, group manager for public affairs of BHP Petroleum, said in Melbourne that

sites being studied for the project included Singapore, Taiwan, Guam and South Korea.

He added that the new refinery, which will cost between \$500 million and \$800 million, could be fully operational in about three years, depending on the location chosen and the time taken to gain official approvals.

Cheng Hong Kok, president and chief executive of the Singapore Petroleum Co., said that with East Asian economies continuing to grow rapidly, the Gulf crisis has increased the problem of capacity shortages in regional refineries.

He said that the Singapore Refining Co. — a joint venture between Singapore Petroleum, British Petroleum Co. and Calsonic Petroleum Corp. — is considering increasing the capacity of one of its crude distilling refineries to 220,000 barrels per day in 1991, from 190,000 barrels per day at present.

Esso Singapore recently announced that it will invest 150 million Singapore dollars (\$85.7 million) over the next year to expand its refining capacity to 260,000 barrels per day from 230,000 barrels

Matsushita Completes \$6.6 Billion MCA Bid

Compiled by Our Staff From Dispatches

LOS ANGELES — Matsushita Electric Industrial Co. on Saturday completed its landmark purchase of the U.S. entertainment giant MCA Inc. for \$6.6 billion, the Japanese company said.

The deal was closed a day after a federal judge had rejected a bid by MCA shareholders seeking to block the sale on grounds that the MCA chairman, Lew R. Wasserman, was violating Securities and Exchange Commission rules by receiving tax-free stock transfers.

In a separate case, U.S. Supreme Court Justice Antonin Scalia rejected Go-Video Inc.'s request for an emergency injunction against the MCA sale. The Arizona-based electronics company had sought to postpone the deal until its antitrust claim could be heard.

With its purchase, the Japanese electronics giant becomes the majority shareholder of MCA, which owns Universal Pictures and theme parks, but will not assume ownership of the company until early next year.

The buyout matches Matsushita's electronics line, marketed in the United States under brand names such as Panasonic, Technics and Quasar, to the MCA film and music empire. (LAT, AFP)

Last Week's Markets

Stock Indexes	Dec. 28	Dec. 21	% Chg
DJ Industrial	2,622.21	2,622.44	-0.07%
DJ Utility	250.07	251.29	-0.48%
DJ Trans.	911.54	922.91	-1.24%
S & P 500	309.44	312.16	-0.87%
S & P 400	288.72	291.28	-0.91%
S & P 600	385.56	389.49	-1.03%
NYSE	179.65	180.10	-0.27%
FTSE 100	2,546.40	2,546.40	-0.18%
FTSE 20	1,285.29	1,286.40	-0.79%
Aluminum	2,248	2,412	-1.12%
DAX	1,791.23	1,741.08	-1.18%
Gold	385.75	387.67	-0.54%
Oil	408.30	408.40	-0.11%

Herald Tribune

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- The Economic Framework
- Strategies For Stocks
- The Investment Spectrum
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Strategic International Gold Fund S.A.

NOTICE OF MEETING

Notice is hereby given that an Extraordinary General Meeting of shareholders of STRATEGIC INTERNATIONAL GOLD FUND will be held at the Registered Office in Luxembourg, 10A, Boulevard Royal, on:

Friday 11th January, 1991 at 11 hours.

For the purpose of considering the following Agenda:

- To put the Company into liquidation.
- To appoint a liquidator and to determine his power.

The General Meeting shall be regularly constituted and shall validly deliberate on the resolutions if a quorum of shareholders representing one half of the shares outstanding is present or represented. Resolutions must be passed by an affirmative vote of two thirds of the shares present or represented at such meeting.

The shareholders on record as of the date of the meeting are entitled to vote or give proxies. Proxies should arrive at the Registered Office of the Company not later than twenty-four hours before the meeting.

The present notice and a form of proxy have been sent to all shareholders on record as of 24th December, 1990.

In order to attend the meeting, the owners of bearer shares are required to deposit their shares not less than five clear days before the date of the meeting at the Registered Office.

Proxy forms are available upon request at the Registered Office of the Company.

By order of the Board of Directors
J. PIERSON
Secretary General

Provided by Credit Suisse First Boston Securities, London, Tel: 01 323 11 30. Prices may vary according to market conditions and other factors. December 28

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Canadian Dollars

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By Carol
New York Times
NEW YORK—I have made money in 1990. For most investors, the boom stay in equities as well as in money on the rest of the year.

Investors who are starting round didn't. In 1990, the average dropped 8.2 percent, 27, while Standard Stock index lost or according to Lipper view loc., which leads.

Figures as of close of trading Friday, December 28.

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17.28	WVTV	17.28	WVTV
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17.30	WVTV	17.30	WVTV
17.31	WVTV	17.31	WVTV
17.32	WVTV	17.32	WVTV
17.33	WVTV	17.33	WVTV
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Korea Seeks To Diffuse U.S. Trade Tensions

By Paul Blustein
Washington Post Service

SEOUL — President Roh Tae-woo of South Korea said the United States has mistaken a campaign by Seoul against excessive consumer spending for an official campaign to curb imports, and has called for diplomatic efforts to defuse a looming trade conflict, according to reports Sunday.

Mr. Roh told members of his Democratic Liberal Party at a luncheon that Washington "does not know the real motive behind the campaign because of a lack of communication," The Korea Times reported.

The comments by Mr. Roh followed a threat of retaliation by the U.S. trade representative Carla A. Hills, who strongly complained about the campaign in a U.S. television interview.

Seoul officials insist the campaign is a broad-based citizen-led effort to curb conspicuous consumption, while foreign trade partners, most notably Washington, say the government is behind the effort, which they say curbs imports.

Mr. Roh called on his party to step up diplomatic efforts to resolve the growing trade conflict, the English-language daily said.

Members of a "Uruguay Round Task Force," formed to tackle the stalled General Agreement on Tariffs and Trade liberalization talks, would soon visit Washington to explain Seoul's position to the administration and Congress, a presidential aide Son Chu-Whan, was quoted as saying.

The economic planning minister Lee Seung-Yul will also visit Washington in February to try to ease the trade frictions.

From Comic Books To Trade Barriers

By Paul Blustein
Washington Post Service

SEOUL — Of all the obstacles and frustrations that American companies have encountered trying to sell goods in the South Korean market, nothing quite matches the recent publication here of a comic book titled "Our Body and Soul."

The comic book, which was distributed in primary schools to about half a million South Korean children, discourages the purchase of imported food. It portrays a teacher telling his students that farm products from abroad contain poisonous chemicals, antibiotics and radioactivity. The teacher also urges the children to make sure their mothers buy no imports.

"Why don't we all follow our mothers to the market and monitor them?" the teacher asks. "OK," the class agrees.

The comic book, U.S. government and business officials here say, is symptomatic of an officially inspired campaign against imports that started last spring and has recently reached near-hysterical proportions.

According to the American Chamber of Commerce in Korea, the 56-page book is just one of the more egregious in a series of actions — ranging from new taxes to official harassment — that are intended "to increase the anti-foreign bias of an already difficult-to-crack market."

The South Korean government asserts that it had nothing to do with the comic book, which was published by a national federation of farmers' cooperatives. The comic book's message, officials say, was regrettable and should not be blamed on the government, an explanation Americans here find difficult to swallow in view of the fact that the farm federation became

independent of the government only last year.

Many Americans here view what has been happening as a classic case of a protectionist-minded country flouting the spirit of free and fair trade. They contend that South Korea deliberately sought to curb imports when the nation's trade surplus started to shrink. The government, they add, ended up losing control of the situation because of Koreans' traditionally xenophobic impulses.

"I think the government underestimated the momentum this would generate," said Robert J. Gregory, president of the American Chamber of Commerce.

South Koreans say the U.S. interpretation reflects a complete misunderstanding of their economic system and culture. What appears to outsiders as a government campaign against imports, they say, is actually a widely supported social movement against the consumption of luxury items in general, based on the traditional Confucian value of frugality.

Not all the trade friction is merely cultural. Several consumer groups, angry over perceived U.S. "interference" in Korea's domestic affairs, threatened a boycott of American goods unless the United States apologized for its trade pressure.

The trade controversy is raising the prospect of a nasty turn in relations between Washington and Seoul, which before now had been staunch allies in the fight against communism.

With exports of about \$20 billion each year to the United States, South Korea's largest trading partner, Seoul's huge conglomerates have become formidable competitors in a wide array of industries, and U.S. trade officials are much less willing than before to overlook South Korean transgressions.

U.S. Bonds Show Little Change

Compiled by Our Staff From Dispatches

NEW YORK — Prices of U.S. Treasury securities were little changed last week, as dealers shut their books on 1990 and looked ahead to the first economic reports of 1991.

The government's half-year issue, the 12 percent bonds that mature in 2020, closed Friday at a price of 104 31/32 to yield 8.29 percent, up a bit from a yield of 8.27 percent a week earlier.

Economists said the latest data on the economy, showing further weakness in November, were generally favorable for the fixed-income market as they suggested that interest rates might fall further.

The data included a report that the government's index of leading economic indicators fell by 1.5 percentage points in November, the fifth straight month that the forecasting gauge has shown a decline.

Important clues to how the economy performed in December will come with the release U.S. purchasing managers index

on Wednesday, and the unemployment report for December on Friday.

The crucial jobs data are expected to show a decline of 150,000 in nonfarm payrolls for December, after a drop of 267,000 in November, economists said.

U.S. CREDIT MARKETS

Mists said. Unemployment is expected to rise to 6.1 percent from 5.9 percent.

"There is no indication here that the economy is doing any better," said Robert Chandra, chief economist at Lloyd's Bank.

"There is a widespread perception that the December data will look bad. I think that view will be validated by the numbers."

But dealers said overall trading is expected likely to be nervous as the countdown begins in the Middle East toward Jan. 15 deadline for Iraq to withdraw from Kuwait.

The bond market "is very skittish" about the Middle East situation, said Stephanie Murphy, economist at Manufacturers Hanover Securities Corp.

The outbreak of a shooting war in the Middle East is expected to prompt widespread selling of long-term bonds, at least initially, because it would mean sharply higher oil prices and higher inflation.

Elsewhere in the markets last week, year-end pressures continued to buffet the overnight rate for bank loans in the federal funds market.

On Friday the funds rate moved in a wide range of 5 percent to 6.50 percent, a level which is below the 7 percent rate that most analysts see as the Federal Reserve Board's target.

Other short-term rates continued to edge lower, however. Three-month Treasury bill rates dropped to 6.42 percent, while six-month rates eased to 6.53 percent from 6.60 percent the previous week. (NYT, Reuters)

Air Cargo Rules Upset Firms

By Steven Prokesh

New York Times Service

LONDON — New regulations taking effect Jan. 1, supercede a patchwork of agreements that had to be negotiated between individual airlines.

Under those air rights, a plane flying a London-Paris-Frankfurt route, for example, could discharge cargo in Paris but might not have permission to pick up cargo there.

Any existing air rights that companies had negotiated with individual countries will not be affected by the new regulations, so the immediate impact on companies based outside the European Community is not likely to be great.

But any renewal or changes in those rights will remain at the discretion of individual countries.

More important, air-freight executives say, restrictions on companies operating their own fleets in Europe to lower their costs and improve service could make it easier for others in the business to

challenge DHL, TNT, Federal Express and United Parcel Service.

"It would put us on a negative footing from other companies that are better able to improve their services vis-à-vis these increased freedoms," said Richard F. Gerber, a lawyer for Federal Express.

Federal Express, United Parcel Service and TNT use independent European airlines to fly cargo for them. In some cases, the express companies buy planes and lease them to the airlines.

The express companies also use the major European passenger airlines to carry cargo. As a result, they will not be affected initially.

The United States and other countries will probably have to negotiate civil aviation treaties with the European Community to replace those they now have with each of the 12 members of the community.

In a telephone interview from Brussels, Frederik Sorensen, a European Community official involved in aviation, denied that the community had the future negotiations in mind when it drew up the new measures to deregulate the air-cargo industry.

But he acknowledged that for non-Community carriers to obtain the new freedoms, their countries would have to grant equivalent rights to community carriers.

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BUSINESS BRIEFS

Japan to Maintain Rice Import Ban

TOKYO (Combined Dispatches) — Japan's new agriculture minister, Motoki Kondo, said he would maintain his country's opposition to rice imports.

"I will keep the policy line which my predecessor has maintained" of shutting out foreign rice from the domestic market, Agriculture Minister Motoki Kondo, who succeeded Tomio Yamamoto in the position, told a news conference Saturday.

Tokyo has consistently rejected rice imports in favor of self-sufficiency in food, and the Diet has legislated against imported rice. (AFP, Reuters)

Ford and VW Agree to Link in Brazil

SAO PAULO (AFP) — Shareholders of the Brazilian affiliates of Ford Motor Co. of the United States and Volkswagen AG of Germany on Saturday approved a merger of both companies to form a new concern called Autolatina of Brazil.

Ford and Volkswagen have been linked to the holding company Autolatina Trade, Business & Participation Ltd., formed in 1987. That company will now control Autolatina of Brazil.

The merger must still be approved by anti-trust authorities of the Brazilian government.

Polish Stores Told to Accept Zloties

WARSAW (AFP) — The government has told Polish stores that currently sell consumer goods for hard currencies that as of Jan. 1 they must accept only the Polish zloty, the PAP news agency announced Sunday.

Government-owned store chains Powszechna and Baltona, which sell Western products such as foods, cosmetics and household appliances, will now post prices in zloties, the agency said.

The same rule will apply to other stores, including private and foreign-owned firms. Since last year, the zloty has been "locally convertible" at a rate of 9,500 to the dollar.

Taiwan-East Europe Trade Surges

TAIPEI (AFP) — Trade between Taiwan and eastern European nations totaled \$464.3 million in the first 11 months of this year, a 41 percent increase over the same period of 1989, the Board of Foreign Trade said Saturday.

Exports to the nine countries of Eastern Europe in the January-November period increased 84 percent, to \$184.4 million, while imports from the region surged 18 percent, to \$279.9 million, the board said.

Poland replaced the Soviet Union as Taiwan's largest East European trading partner for the 11 months, registering two-way trade of \$149.8 million, up 91 percent, it said.

Bundesbank Representation Sought

FRANKFURT (Reuters) — A regional German state will propose new legislation to force the Bundesbank to expand its policy-making council to take in new representatives from eastern Germany, the Frankfurter Allgemeine Zeitung newspaper said Saturday.

The council currently comprises the seven board members and the presidents of the central banks in the 11 regional states. German unification and the creation of five new states in eastern Germany mean a new structure has to be found by Oct. 3, 1991.

The state wants the board expanded to include 16 regional central bank presidents in addition to the seven executive directors. But senior Bundesbank officials have said that these sort of numbers would create an unwieldy structure and reduce the council's decision-making ability.

Korea 1990 Inflation at 9-Year High

SEOUL (Reuters) — South Korea's consumer and wholesale prices jumped by 9.4 percent and 7.4 percent, respectively, in 1990, the highest in nine years, the Economic Planning Board said Saturday.

The report said the consumer price index rose 0.3 percent to 133.8 in December from November when it fell 0.1 percent, while the wholesale price index rose 0.7 percent to 111.4, after a 0.1 percent fall in the previous month.

The annual price increases were the largest since 1981, when consumer prices soared 13.8 and wholesale prices by 11.3 percent.

Hanbo to Build New Steel Works

SEOUL (Reuters) — Hanbo Steel & General Construction Co. has started building a 1.22 trillion won (\$170 million) steel works on South Korea's west coast, a spokesman said Sunday.

On completion in June 1996, the complex will bring the total steel production capacity of the company to more than three million tons a year from a current 930,000, the spokesman said.

VDT Makers Respond to User Fears

New York Times Service

NEW YORK — Several companies that make video display terminals have recently introduced, or said they would produce, models that emit reduced levels of very low frequency electromagnetic radiation.

Going further, several American computer makers, including International Business Machines Corp., have promised to meet new Swedish guidelines that tighten the regulations for very low frequency emissions and also introduce a new category, calling for reduced extremely low-frequency emissions.

Apple Computer Inc. disclosed last week that all three monitors introduced in October already meet the new guidelines and that its

12-inch monochrome monitor also meets the very low frequency standards.

Apple has not embraced the Swedish guidelines, but is "working very closely with industry groups worldwide" on radiation standards, said a company spokeswoman, Marianne Lettieri.

The companies are quick to assert that they do not acknowledge a health or safety problem.

"We would be naive not to acknowledge the concern that is out there," said Rita Black, an IBM spokeswoman. "But we believe our VDTs, including those currently installed, are safe to use."

While IBM, the Digital Equipment Corp., and several other American companies have offered low-emission VDTs for sale in Europe since 1989, they have downplayed the availability of those monitors in the United States.

Analysts have suggested that the company was afraid of raising questions in customers' minds about the safety of millions of IBM terminals now in use.

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Cuba and Soviet Union Sign New Trade Accord

Reuters

HAVANA — Cuba and the Soviet Union have signed a trade and economic cooperation agreement for 1991, maintaining their longstanding relationship despite U.S. pressure and growing economic problems at home.

The Cuban news agency Prensa Latina said Sunday that under the accord signed on Saturday in Moscow, Cuba would exchange sugar, nickel, citrus and new products like medicines and medical equipment for Soviet oil, cereals, chemicals, machinery and spare parts.

Moscow would also continue to support economic development projects on the communist-ruled island.

Prensa Latina gave no details on the value of the trade exchange, but said Soviet exports would be "adjusted" to the current needs of Cuba, which has been suffering severe shortages because of a U.S. economic embargo and disruption of trade ties with Eastern Europe.

U.S. President George Bush had been pressing the Soviet Union to reduce its support for President Fidel Castro's government.

PIZZA: Chain Battles Red Tape

(Continued from first finance page)

tended to fume and wait. "The Poles realized," he said, "you go out on the street and give 15 rubles for the nearest truck."

He drilled eager, inexperienced youngsters in the arts of pepperoni-pizza production and relentless good cheer.

"This is something the Russians don't understand," he said. "You don't want trained cooks. You want kids off the street. Within a few weeks, they are the best pizza cooks in the world."

Mr. Rafal found the sanitary codes arcane, with officials standing on every provision. "The Russians will drown you in papers," he said.

Then there was the matter of supplies. Mr. Rafal's insistence on predictable deliveries and consistent quality mystified Soviet officials, he said.

Soviet laws required Rafal to divide both restaurants into two sides, ruble and hard currency.

The ruble side, where a large European-style, or European, pizza with ham, beef and mushrooms costs less than \$4 at the tourist exchange rate, usually has long lines by night.

On the hard-currency side, where it costs more than \$14, there is seldom a wait. "We have got a lot of hard-currency costs," Mr. Rafal said. "We need hard-currency earnings."

OTC Consolidated trading for week
ended Friday, December 28

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ended Friday, December 28

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195	1.26	61	3522	28	19	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	
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1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80																				

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50
51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100

[illegible]

Q		R		S	
Q	R	Q	R	Q	R
1.00	1.00	1.00	1.00	1.00	1.00
0.99	0.99	0.99	0.99	0.99	0.99
0.98	0.98	0.98	0.98	0.98	0.98
0.97	0.97	0.97	0.97	0.97	0.97
0.96	0.96	0.96	0.96	0.96	0.96
0.95	0.95	0.95	0.95	0.95	0.95
0.94	0.94	0.94	0.94	0.94	0.94
0.93	0.93	0.93	0.93	0.93	0.93
0.92	0.92	0.92	0.92	0.92	0.92
0.91	0.91	0.91	0.91	0.91	0.91
0.90	0.90	0.90	0.90	0.90	0.90
0.89	0.89	0.89	0.89	0.89	0.89
0.88	0.88	0.88	0.88	0.88	0.88
0.87	0.87	0.87	0.87	0.87	0.87
0.86	0.86	0.86	0.86	0.86	0.86
0.85	0.85	0.85	0.85	0.85	0.85
0.84	0.84	0.84	0.84	0.84	0.84
0.83	0.83	0.83	0.83	0.83	0.83
0.82	0.82	0.82	0.82	0.82	0.82
0.81	0.81	0.81	0.81	0.81	0.81
0.80	0.80	0.80	0.80	0.80	0.80
0.79	0.79	0.79	0.79	0.79	0.79
0.78	0.78	0.78	0.78	0.78	0.78
0.77	0.77	0.77	0.77	0.77	0.77
0.76	0.76	0.76	0.76	0.76	0.76
0.75	0.75	0.75	0.75	0.75	0.75
0.74	0.74	0.74	0.74	0.74	0.74
0.73	0.73	0.73	0.73	0.73	0.73
0.72	0.72	0.72	0.72	0.72	0.72
0.71	0.71	0.71	0.71	0.71	0.71
0.70	0.70	0.70	0.70	0.70	0.70
0.69	0.69	0.69	0.69	0.69	0.69
0.68	0.68	0.68	0.68	0.68	0.68
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0.48	0.48	0.48	0.48	0.48	0.48
0.47	0.47	0.47	0.47	0.47	0.47
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0.43	0.43	0.43	0.43	0.43	0.43
0.42	0.42	0.42	0.42	0.42	0.42
0.41	0.41	0.41	0.41	0.41	0.41
0.40	0.40	0.40	0.40	0.40	0.40
0.39	0.39	0.39	0.39	0.39	0.39
0.38	0.38	0.38	0.38	0.38	0.38
0.37	0.37	0.37	0.37	0.37	0.37
0.36	0.36	0.36	0.36	0.36	0.36
0.35	0.35	0.35	0.35	0.35	0.35
0.34	0.34	0.34	0.34	0.34	0.34
0.33	0.33	0.33	0.33	0.33	0.33
0.32	0.32	0.32	0.32	0.32	0.32
0.31	0.31	0.31	0.31	0.31	0.31
0.30	0.30	0.30	0.30	0.30	0.30
0.29	0.29	0.29	0.29	0.29	0.29
0.28	0.28	0.28	0.28	0.28	0.28
0.27	0.27	0.27	0.27	0.27	0.27
0.26	0.26	0.26	0.26	0.26	0.26
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0.24	0.24	0.24	0.24	0.24	0.24
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0.15	0.15	0.15	0.15	0.15	0.15
0.14	0.14	0.14	0.14	0.14	0.14
0.13	0.13	0.13	0.13	0.13	0.13
0.12	0.12	0.12	0.12	0.12	0.12
0.11	0.11	0.11	0.11	0.11	0.11
0.10	0.10	0.10	0.10	0.10	0.10
0.09	0.09	0.09	0.09	0.09	0.09
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0.07	0.07	0.07	0.07	0.07	0.07
0.06	0.06	0.06	0.06	0.06	0.06
0.05	0.05	0.05	0.05	0.05	0.05
0.04	0.04	0.04	0.04	0.04	0.04
0.03	0.03	0.03	0.03	0.03	0.03
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Portfolio M:

By Jonathan Fox
New York Times
NEW YORK —
It doesn't go long
from Krumpholtz and the
4-year off-season during
last one single cup
manager and head of
to be made illustrious
"What are they all going
The morning is that
and when the Gulf
they have become all
and now, however, all
And when they look
pasture. They are
climbing the mountain
and now they are
in the Gulf

These managers police in work, both with the lines in Canada and Austria alone, the problems systems in Austria is the high level of its Europe and Japan.

To an extent, it is question," Martin P. West, chairman for Inc. in London, said

"The deadline does fly over your wall in the Jan. 15, even if it takes requirements to adjust. "We have to go on to happen."

"I do not want to be a history of the nation," W. Harris 14, a student of the American Union. "But this is the last war problem, I have in my lifetime."

There does not seem to be a world not just one by in markets across

Mutua

By Carolyn
New York Times
NEW YORK—
have made money)
in 1940? For most
investors, the answer
is yes. They are equities in
which is making it
the rest of the year.
Investment, when it
turning point this
in 1940, the stock
dropped 8.2 percent
27, while Standard
stock index lost 1.7
according to Lipson
vice Inc., which
made

That's a far cry from the 23.2 percent stock price drop in 1987, when the market lost 20 percent despite the fact that earnings rose. The industry IPO in fact broke the 27 first time, record most Company Washington Post. "It's been the best fund since the '60s," said Mr. Murtal fund on M.C. Can. Virginia Dean P. Eberly.

for the fund industry. Total fund sales averaged \$10 billion a day, says Mr. Johnson, considering the fact that the last few months have been "unusually" apt to the record set by the stock market. Money funds are the best performers, says Johnson. The biggest stock funds were income funds, which paid dividends well.

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صلى الله عليه وسلم

Can Market Cope With War?

Portfolio Managers Are Able to Maintain a Brave Face

By Jonathan Fierbringer
New York Times Service

NEW YORK — With the Jan. 15 deadline for Iraq to withdraw from Kuwait and the possibility of a war, one might expect portfolio managers and market analysts to be beside themselves with anxiety. Why are they so calm?

The answer is that since last August, when the Gulf crisis began, they have become adept at coping with uncertainty about war.

"And when they look at the global picture, they see other factors clouding the outlook for the coming year far more than the situation in the Gulf."

"These managers point to the decline in world economic growth, with the United States, Britain, Canada and Australia in recessions, the problems with banking systems in America and Japan and the high level of interest rates in Europe and Japan."

"To an extent, it is still the same question," Martin Pilling, international strategist for James Capel Inc. in London, said about the uncertainty of war.

"The headline does not necessarily say that you will have a war after the Jan. 15, even if the United Nations requirements are not met," he added. "We have no idea what is going to happen."

"I do not treat lightly the possibility of hostilities," said Lawrence W. Harris 3d, a director of Lombard Odier International in London. "But this is the most prepared for war portfolio managers have been in any lifetime."

That does not mean that a war would not send stocks down sharply in markets around the world.

This would be the likely immediate reaction, especially because some markets have rallied a bit since the lows reached in the autumn. But these managers and analysts believe that a war could be quick and that markets would rebound.

In fact, one portfolio manager stands ready with cash to leap in and buy when stocks drop if there is fighting. Another is already putting some cash back into stocks in case there is a negotiated settlement.

Mr. Harris knows a long conflict is possible, but he is counting on a

'We feel that the impact of a war on the medium-term economic performance would be limited.'

Martin Pilling, international strategist for James Capel in London.

negotiated settlement or quick war that would do no long-term damage to oil production.

"I am convinced there is so much oil out there that it is hard for me to believe that the price of oil would go up very much," he said.

Earlier this year, the uncertainty for stock markets caused him to keep 30 percent of the Worldwide Value Fund in cash. He has cut that to 18 percent so he can buy cheap some stocks, on the theory that there will be a settlement or quick war followed by an equities rally.

Mr. Pilling of James Capel agreed. "We feel that the impact of a war on the medium-term economic performance would be limited," he said.

Asked about the threat of a war, he answered, "The real question is what is happening if peace breaks out."

Sander Cash, who runs Cash International in Philadelphia, has about 10 percent of his small fund in cash. He expects the drop in stock prices to be so short-lived if war breaks out that he is happy to snap up stocks should it happen.

Such strategies reflect the view that a war will not mean a long-term jump in oil prices, an analysis based on the recent sharp increase in oil production in Saudi Arabia and other oil-producing countries.

But beyond that, analysts and portfolio managers fall back on fundamentals — the outlook for the world economy and interest rates in general.

Although they are generally positive that global stock markets will rise moderately in 1991, after the sharp declines of 1990, there are seeds of doubt.

"The main thing that worries me is the possibility that the deterioration in the economy is worse than I thought," said Mr. Harris. "Madhav Dhar, a global strategist for Morgan Stanley & Co. in New York, who is much more bearish, believes that stock markets are too anxious for a rally, which he said means they are ignoring the shaky economic fundamentals."

Finally, there is the problem of the Soviet Union, the wild card in everyone's analysis. It is a country whose problems could send stock markets around the world reeling if something went seriously awry.

WORLD STOCKS IN REVIEW

By Agence France Presse

Amsterdam

The Amsterdam share market finished last week with the CDS all share index at 168.30, almost unchanged from the previous Friday, when it was 168.9.

Turnover for the three-day trading week was a mere 1.3 billion guilders, of which 0.7 billion was equities. A week earlier, volume was 6.8 billion guilders with 1.9 billion in equities.

Exposure to deteriorating economies, as in Britain, Australia and the United States, as well as to a weakening dollar, made shares of Dutch companies that do business abroad fall steadily from January onwards.

Euphoria about East Europe first pushed shares of local companies to a high by midyear before the Gulf crisis put an end to this upward trend.

The Amsterdam bourse generally lost 16 percent in 1990.

Frankfurt

Frankfurt stocks suffered a small loss in a holiday-shortened trading week reduced to only two days.

The DAX spot trend indicator ended the week at 1,398.23 points, off 16.65, or 1.18 percent, from the previous week's closing. For 1990 as a whole, the DAX, which had begun the year at 1,814.38, lost 23 percent.

On the eight German stock exchanges totaled only 4.82 billion Deutsche marks, against 22.63 billion DM the previous week.

The bond market was depressed, and the average yield on government issues rose to 9.09 percent, against 9.04 at the end of the previous week.

Hong Kong

Share prices dropped on the local market in this three-day week, with the Hang Seng index losing 25.92 points or 0.8 percent to close at 3,053.75 on Friday.

Average daily turnover slumped to 317 million Hong Kong dollars, from the previous week's 601 million Hong Kong dollars.

Major investors shied away from the market after the Christmas break as they had already settled their books for the year, letting the index drop 12.98 points on Friday.

The market will open only for the morning session on Monday and will be closed on Tuesday.

Euromarkets At a Glance

Euromarket Yields

	Dec. 27	Dec. 26
U.S. 3 m. T-bill	8.80	8.80
U.S. 6 m. T-bill	8.80	8.80
U.S. 12 m. T-bill	8.80	8.80
3 m. Eurodollar	8.80	8.80
6 m. Eurodollar	8.80	8.80
12 m. Eurodollar	8.80	8.80
3 m. Euroyen	8.80	8.80
6 m. Euroyen	8.80	8.80
12 m. Euroyen	8.80	8.80
3 m. Eurosterling	8.80	8.80
6 m. Eurosterling	8.80	8.80
12 m. Eurosterling	8.80	8.80

Source: Luxembourg Stock Exchange.

Weekly Sales

	Dec. 27	Dec. 26
Wholesale	1,079.0	1,079.0
Retail	1,079.0	1,079.0
Export	1,079.0	1,079.0
Import	1,079.0	1,079.0

Source: Luxembourg Stock Exchange.

U.S. Treasury Bonds

	Dec. 27	Dec. 26
3 m. T-bill	8.80	8.80
6 m. T-bill	8.80	8.80
12 m. T-bill	8.80	8.80

Source: U.S. Treasury Dept.

U.S. Consumer Rates

	Dec. 26
1-year T-bill	8.80
3-month T-bill	8.80
6-month T-bill	8.80

Source: U.S. Treasury Dept.

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	Dec. 26
1-year T-bill	8.80
3-month T-bill	8.80
6-month T-bill	8.80

Source: U.S. Treasury Dept.

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Milan

Milan stocks made a small gain on the week, as the MIB index finished at 754.30, up 0.89 percent from the previous Friday.

There were only two trading sessions, and volume was naturally extremely low, with an average of 27 million shares changing hands per day against 45 million the previous week. The average value was 65 billion lire against 115 billion lire the prior week.

Operators said the market remained worried by the Gulf crisis and the Soviet situation, as well as by Italian political and economic developments.

Paris

Bourse stocks could not come up with a single winning session in the three-day trading week, as investors continued to fret about the Gulf situation, operators said.

Stock prices lost a total of 3 percent on the week, making a total loss this year of 24 percent on the basis of the CAC-40 stock price index. It closed the week at 1,517.93. According to the SBF index, which consists of 240 shares, the year's drop is 26.5 percent.

Volume for the week was low, and would have been lower still except for tax-related transactions

carried out by some investors. They were taking some capital losses for use in offering capital gains.

Some investors were also taking losses on the stock market, as the market fell in the last two minutes of trading on Wednesday, one of the last such reversals of the week.

The market was also hit by a sharp drop in the price of oil, which fell to 11.50 dollars a barrel, down from 12.50 dollars a barrel the previous week.

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Singapore

The Singapore stock market saw very slow trading when it resumed business Wednesday after the Christmas break, broken only by a sharp drop in the price of oil.

The Straits Times index ended the week with a loss of 17.51 points, or 0.4 percent, to 4,221.15. The index had begun the year at 4,438.15, a loss of 5.1 percent.

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MONDAY SPORTS

Henefeld Answers Israel's Call

By Sandra Bailey
International Herald Tribune

PARIS — For Nadav Henefeld, one of the finest basketball players to come out of Israel, there was never any question of whether he could go home again, but simply of when the tug would become irresistible.

"There was so much pressure from people in Israel," says Henefeld, whose remarkable defensive skills last season, when he was just a freshman, led the University of Connecticut to a place among the National Collegiate Athletic Conference's final eight teams. "So much pressure throughout the season."

And what a season it was for Henefeld and the Huskies. Henefeld stole the basketball from opposing teams 120 times, the highest total in the United States and the third-highest in NCAA history. He averaged 11.6 points and 5.6 rebounds per game and was named newcomer of the year in the highly competitive Big East Conference.

He earned another name, too, from the New York City tabloids. Partly because he spent three years in the Israeli Army and partly because of his amazing ability to strip opponents of the ball, he was nicknamed "The Gaza Strip."

Connecticut, meanwhile, ended a decade of frustration by winning the Big East tournament and going 31-6.

"I never thought I was going to leave after one year," Henefeld says now, the morning after his new team, Maccabi Tel Aviv, lost to Paok Salonika of Greece, 91-82, in the Paris Christmas Tournament. "I don't think there is only one reason for leaving, but I think the pressure was a lot of it."

"I'd give everything to have another year like that," Henefeld smiles, shaking his head and speaking shyly of the pressure of how a hometown can reach halfway around the world and pull back a 6-foot-7 (2-meter), 226-pound (102.5-kilogram), 22-year-old forward who has established himself as a media darling and athletic force to be reckoned with.

"There were calls, faxes, letters, to me and to coach," he says, referring to Connecticut's coach, Jim Calhoun. "It was really, really hard."

There were no threats made, says Henefeld, and none that could be made. But the pull brought Henefeld to Tel Aviv in November 1989, shortly before Connecticut was to open its season, for a game pitting the Israeli national team and France. Henefeld scored 23 points, left two hours after the game and rejoined the Huskies in Anchorage for the Great Alaska Shootout, where in three games he totaled 29 points, 15 rebounds and 13 steals.

That was the beginning. By late in the season, teammate Steve Piccoli would be echoing what most of the northeastern United States felt about Henefeld when he told The Washington Post: "People have been waiting for a winner here and he's stepped in and become everyone's hero."

It was not without controversy, however. Before the season started, the NCAA received a letter, written in Hebrew, that claimed Henefeld had been paid to play in Israel, a charge proved untrue by NCAA and school investigations.

Then, on Jan. 20, Henefeld became a rallying point for Jewish Americans when he and Georgetown University's star center, Alonzo Mourning, had a run-in while both were going for a rebound in a game at the Hartford Civic Center in Connecticut. Press reports alleged that Mourning had made anti-Semitic and homophobic remarks to Henefeld, charges the Hoyas' coach, John Thompson, called "a flat-out lie."

Henefeld kept as low a profile as was possible at the time, but now says emphatically, "The remarks were not anti-Semitic." His evasive smile reappears and he says Mourning "did some things, blew me a kiss, you know," but says it was merely typical jostling of two players in competition.

Besides, he says, with a dismissive wave of his arm, if the incident had been as ugly as it was portrayed by some, "This would not be a reason to leave, it would be a reason to stay and show him."

Instead, Henefeld is trying to show them in Europe, although he admits that Maccabi's offense is not built around him. Even so, he is playing about 25 minutes a game and scoring in double figures. Maccabi is in the final eight of the European Clubs' Champions Cup, and has a European Cup game Thursday in Tel Aviv, against Klagenfurt of England.

Should Maccabi make the final four in Paris this spring, there may be attention from the National Basketball Association. Henefeld won't talk about a timetable. "I don't think you can plan things like that," he says.

He knows Maccabi is not a natural jumping-off point for the NBA career he wants, that the play is far less physical than even at the top college level in the United States. He also expects pressure if his chance at an NBA contract comes. But he says he will withstand the pressure this time. And if he forgets, he has his reminders: videotaped tapes of Connecticut's games last season.

Maybe twice a week, just in a tape and watch," he says. "Again and again, it's in his mind's eye: the fans lining the streets as the team returned to Connecticut from



Henefeld, right, was a force for Connecticut.

the season-ending loss to Duke, all the cheers and love outpouring. "Some things are going to stay in your mind forever," he says.

He stays in touch with Calhoun, expects tapes of this season's Huskies, ranked No. 13, and says, "I know everything that's going on with the team." But he is a professional now, his NCAA eligibility is gone and his mind is set on the future. "There's nothing," Henefeld says, "like the first time."

The Short Guys in Europe

The World Basketball League, established for players no taller than 6 feet 5 inches, says it will become the first professional basketball league to break out of North America and set up its own European division.

According to the league commissioner, Steve Ehrhart, the WBL plans to attract European clubs to form up a Europa division in 1992 and play the WBL's eight teams based in the United States and Canada.

"The idea is that teams from Europe will break off from their regular season games and do a tour across America and Canada," he said. "In the same way, the North American-based teams will fly over to Europe to play over there."

Ehrhart said WBL officials would discuss the format of the Europa division at a conference in May. "But we won't be interfering with each country's domestic season or national team training," he said.

Maryland Pulls Off a Surprise

By Anthony Cotton
Washington Post Service

NEW YORK — If Maryland's inspiration for playing well in the East Coast Athletic Conference Holiday Festival was that it was the only tournament in which the Terrapins could participate this season, the impetus certainly worked well.

A second consecutive dominant performance by Walt Williams led Maryland to a 78-69 upset victory over the 12th-ranked South Carolina and the tournament championship. The victory raised thoughts of what might have been were it not for the National Collegiate Athletic Association probation that bans the team from both the NCAA and Atlantic Coast Conference tournaments.

The sanctions, particularly the one keeping the Terrapins from the national title chase, in connection

with this season's team seemed irrelevant as recently as week ago. But that was before Maryland's 6-foot-3 (2-meter) point guard went to work.

Williams scored 26 points Saturday night and 56 for the two contests and was named most valuable player. Maryland was clinging to a 63-62 lead with 6:25 remaining when Williams hit a jumper from the lane. On the subsequent possession, South Carolina forward Joe Rhet seemed to have an easy lay-up but the attempt was pinned to the backboard by Williams for the block.

That was the start of a stretch in which Maryland held the Gamecocks without a point for nearly four minutes. In that span, the Terrapins ran off 11 consecutive points — seven by Williams — to regain control of the game. Maryland never trailed in the contest.

In other games, The Associated Press reported:

No. 1 UNLV 92, Pacific 74: Stacey Augmon scored 26 points and Larry Johnson 18 as the University of Nevada-Las Vegas (6-0) won the Big West Conference opener in Stockton, California, with its 17th consecutive victory over two seasons.

No. 2 Arkansas 122, Jackson State 88: In Little Rock, Arkansas, Todd Day scored 31 points for the Razorbacks (10-1) in the blowout, including 15 during a 22-7 run.

No. 3 Syracuse 101, Wagner 55: Sophomore Mike

Hopkins had a career-high 22 points in the 35th victory of Coach Jim Boeheim's 15-year career, tying him with Lew Andrews for most career victories by a Syracuse coach. Dave Johnson had 26 points for the Orangemen (12-0) in the game in Syracuse, New York.

No. 4 Arizona 102, Iowa St. 77: In Tucson, Arizona, Chris Mills scored 20 points as Arizona (10-1) won its sixth title in the six-year-old Fiesta Bowl Classic, extending its home winning streak to 34 games.

No. 7 N. Carolina 90, DePaul 75: Freshman Clifford Rozier scored the first five points for the Tar Heels (8-1) in a decisive 22-7 second-half spurt at the Red Lobster Classic in Orlando, Florida. David Booth scored 22 for DePaul (4-5), which lost its fifth straight game.

No. 8 Duke 97, Lehigh 67: In Durham, North Carolina, Bobby Hurley scored a career-high 20 points and Thomas Hill added 17 for Duke (9-2) against the nonconference Lehigh. Christian Laettner added with 16 points for the Blue Devils.

No. 10 UCLA 94, San Diego St. 74: In Los Angeles, Don MacLean scored 31 points and UCLA (10-1) went 27-for-28 from the free-throw line. Five players scored in double figures for the Bruins.

No. 13 Connecticut 90, Rhode Island 69: Chris Smith scored 26 points and pressure defense held Rhode Island to 40-percent shooting as the Huskies (8-1) won the Connecticut Mutual Classic in Hartford.

No. 14 Oklahoma 112, Tulsa 99: Brent Price and Jeff Webster sparked a 23-6 second-half surge that gave the Sooners (10-2) the All-College Tournament. Price had 17 of his 22 points in the second half and Webster 17 of his 19.

No. 16 Georgetown 63, Houston 51: Robert Churchwell scored 17 of his 21 points in the second half to pace the victory for the Hoyas (7-2), after two consecutive losses, in a game in St. Petersburg, Florida. Alonzo Mourning missed his third straight game with a strained arch. Houston fell to 8-2.

Purdue 64, No. 17 Georgia 63: In Athens, Georgia, Jimmy Oliver scored 18 points as Purdue snapped Georgia's 15-game home winning streak. Georgia (7-3) got 19 points from Litteral Green.

No. 18 Kentucky 93, Louisville 85: In Louisville, Kentucky, Jeff Brassow scored 18 points, all on three-pointers, and Kentucky (8-2) was 13 of 26 from long range.

SCOREBOARD

FOOTBALL

NFL Standings

AMERICAN CONFERENCE						
	East					
	W	L	T	Pts	PP	PA
St-Buffalo	13	2	0	267	414	224
St-Indianapolis	10	6	0	233	213	225
Indianapolis	7	8	0	204	N.Y.	330
N.Y.-Jets	5	10	0	138	279	331
New England	1	14	0	67	171	433
West						
	W	L	T	Pts	PP	PA
Pittsburgh	9	6	0	200	278	208
Cincinnati	8	7	0	153	339	338
Houston	6	7	0	153	271	393
Cleveland	2	14	0	20	214	411
West						
	W	L	T	Pts	PP	PA
St-L.A. Raiders	11	4	0	233	220	224
St-Kansas City	11	5	0	268	349	247
Seattle	8	6	0	203	274	276
San Diego	6	8	0	200	360	364
Denver	4	11	0	167	369	361
NATIONAL CONFERENCE						
	W	L	T	Pts	PP	PA
St-N.Y. Giants	12	3	0	300	323	201
Philadelphia	13	0	0	352	376	339
Washington	9	6	0	206	237	282
Dallas	8	6	0	207	257	282
Phoenix	5	11	0	173	328	376
Central						
	W	L	T	Pts	PP	PA
St-Chicago	11	5	0	268	348	320
Tampa Bay	8	6	0	200	250	351
St-Minnesota	8	6	0	200	328	325
Detroit	6	9	0	160	263	383
Minnesota	6	9	0	160	234	366
West						
	W	L	T	Pts	PP	PA
St-San Francisco	13	2	0	357	333	222
New Orleans	7	8	0	167	254	328
L.A. Rams	6	9	0	153	328	375
Atlanta	4	11	0	167	322	328
St-cinched playoff title						
St-cinched playoff berth						
SATURDAYS RESULTS						
Kansas City 21, Chicago 10						
Philadelphia 23, Phoenix 21						
SUNDAY GAMES						
Buffalo at Washington						
Cleveland at Cincinnati						
Dallas at Atlanta						
Denver at Houston						
N.Y. Giants at New England						
San Francisco at Minnesota						
Dallas at Seattle						
Green Bay at Denver						
N.Y. Jets at Tampa Bay						
San Diego at L.A. Raiders						

Texas A&M Pounds BYU and Detmer

The Associated Press
Texas A&M has a history of being hard on Heisman Trophy winners, but never anything like what the Aggies did to Ty Detmer in the Holiday Bowl.

A relentless defensive charge inflicted separations to both of Detmer's shoulders, finishing him in the third quarter, and A&M crushed the 13th-ranked Brigham

COLLEGE FOOTBALL

Young, 65-14, in the game Saturday in San Diego.

The Texas A&M quarterback, Bucky Richardson, figured in four scores, running for two — including one in which he lined up as a running back — throwing for one and catching a touchdown pass on an option from Darren Lewis.

"As soon as I went down the first time, I knew I was in trouble but I figured I'd be all right," said Detmer, whose left shoulder was injured in the second quarter. The shoulder on his passing arm was separated in the opening minutes of the third quarter.

"The second time, he hurt his right shoulder," Coach LeVell Edwards said. "There was no use risking it any longer."

"I was frustrated because I wanted to play A&M," Detmer said.

Since 1985, Texas A&M is 4-1 against teams with Heisman winners. The Aggies also defeated Bo Jackson and Auburn in the 1986 Cotton Bowl, Tim Brown and Notre Dame in the 1988 Cotton Bowl and Andre Ware and Houston in a 1989 Southwest Conference game.

Only Barry Sanders escaped the Aggies' Heisman curse. Oklahoma State beat Texas A&M in 1988. BYU (10-3) was no match for the Aggies' rugged option attack, which clipped the Holiday Bowl scoring record set by Oklahoma State in a 62-14 defeat of Wyoming in 1988.

R.C. Slocum, the Aggies' coach, denied running up the score.

"I wasn't rubbing their noses in anything," said Slocum, who took out a game program and cited lop-

sided scores in some BYU victories this season. "I have a great deal of respect for how explosive they are. I didn't want there to be any doubts about our not being good enough for this game."

BYU's trainer, George Curtis, said that no surgery was anticipated and that Detmer was expected to recover in three to six weeks. Detmer completed 11 of 23 passes for 120 yards with a touchdown and an interception. Joe Evans replaced Detmer after the second separation, caused by a hit by line-backer Anthony Williams.

Peach Bowl: Stan White threw for 351 yards and scored on a one-yard bootleg with 39 seconds to play, lifting Auburn (8-3-1) to a 27-23 victory Saturday over Indiana in Atlanta. The Hoosiers (6-5-1) had taken a 23-20 lead when their quarterback, Trent Green, scored on an 11-yard run with 2:26 to play for his third rushing touchdown.

Freedom Bowl: Mike Gimenez threw a 49-yard touchdown pass to Greg Primus, Todd Yert ran 52 yards for the deciding score, and Colorado State denied a last-minute Oregon conversion attempt to win, 32-31, in the Freedom Bowl Saturday in Anaheim, California.

Bill Musgrave completed the conversion pass to Michael McClellan, but officials ruled that McClellan had failed to cross the goal line.

Blackbuster Bowl: Amp Lee scored two touchdowns and Casey Weldon scored one on Friday night as sixth-ranked Florida State ended seventh-ranked Penn State's nine-game winning streak with a 24-17 victory in the inaugural bowl in Miami. Florida State (10-2) held off a fourth-quarter charge sparked by the backup quarterback, Tom Bill, to snap Penn State's streak, the longest among major colleges.

All-American Bowl: Terry Jordan ran for one score and passed for another, and North Carolina State withstood a 28-of-39 passing performance by Southern Mississippi's quarterback, Brett Favre, to win the game in Birmingham, Alabama, 31-27, on Friday night.



Detmer is hit by Texas A&M's Anthony Williams, who sent the BYU quarterback out of the game.

The Cowboys Lose, 26-7, Fail to Clinch Wild Card

The Associated Press
Kerri-Jones returned the second-half kickoff 76 yards for a touch-down and Deion Sanders added a 61-yard interception for a touch-down Sunday, capping the Atlanta Falcons to a 26-7 victory over the Dallas Cowboys in Atlanta.

The Cowboys (7-9), who could have clinched a playoff spot with a victory, still can gain the National Football Conference's final wild-card playoff berth if New Orleans

NFL ROUNDUP

(7-5) loses to the Los Angeles Rams on Monday night. Dallas, 1-15 last year, beat the Saints, 17-13, earlier this season to hold the tiebreaker over New Orleans.

Jones' 76-yard return to open the second half gave the Falcons (5-11) a 14-0 lead and was their second score within 42 seconds. Tracy Johnson had scored from the one-yard line to cap a 79-yard drive only 24 seconds before halftime.

The Falcons then added a safety 4:02 into the third period when Emmitt Smith was tackled in the end zone by Tim Green.

The safety was set up when Atlanta's Mike Rozier, who gained a career-high 155 yards on 21 carries, ran 67 yards to the Cowboys' one-yard line. The Falcons, however, failed to score in four tries and Dallas took over.

Greg Davis kicked a 23-yard field goal early in the final period after the Falcons drove 74 yards in 19 plays, with Rozier picking up 59 yards. Dallas quarterback Steve Landberg, making his first start since Nov. 27, 1988, then threw his second interception. Sanders picked off his throw and raced 61 yards for the score. It was Sanders' third touchdown of the season, his second on an interception, with the other coming on a punt return.

The Cowboys managed only four first downs and 77 yards through the first three quarters in a game played on a slippery Atlanta-Fulton County Stadium field after three straight days of light rain. The field also was chopped up by Auburn and Indiana in the Peach Bowl the previous day.

Bengals 21, Browns 14: In Cincinnati, Boomer Esiason lobbed a 48-yard touchdown pass to Eric Ball midway through the fourth quarter, keeping the Bengals in playoff contention.

Esiason's second touchdown pass, a 27-yarder to tight end Tim Brown, gave the Bengals (9-7) in position for a wild-card or the American Football Conference Central Division title. The Bengals had to hope for losses by Seattle and Pittsburgh in later games to gain their second playoff berth in Sam Wyche's seven years as head coach.



Redskins' Art Monk, being brought down by Bills' Shane Conlan.

The Browns (3-13) ended their worst season in franchise history by rallying from a 14-0 halftime deficit set up by their own mistakes. They had two fumble recoveries negated by penalties, failed to score on first-and-goal from the one-yard line, and had interceptions lead to both Cincinnati touchdowns.

Dolphins 23, Colts 17: In Miami, Sammie Smith, and defensive end Jeff Cross each had a hand in two scores Sunday for the Dolphins, who clinched the home-field advantage in next weekend's playoff game. The Dolphins, second to Buffalo in the AFC East with a 12-4 record, will be host to the second-place team in the AFC West — Kansas City or the Los Angeles Raiders.

The Colts, eliminated from playoff contention last weekend, finished 7-9, their worst since 1986. It was the first losing season as an NFL coach for Ron Meyer.

Redskins 20, Buffalo Bills 14: In Washington, Chip Lohmiller tied a team record with five field goals and Gerald Riggs ran for his first touchdown in six weeks, as Buffalo rested for the playoffs. Lohmiller kicked field goals of 37, 24 and 19 yards in the first half and 43 and 32 yards in the second to help the Redskins finish the season with four victories in five games. They ended 10-6, the same record as last year, going into next week's wild-card game in Philadelphia.

The loss ended the Bills' four-game winning streak: as they finished 13-3, their best record since they were 12-2 in the American Football League in 1964. Quarterback Frank Reich, running back Thurman Thomas and wide receiver Andre Reed sat out the entire second half, and defensive end Bruce Smith went out in the third quarter. Buffalo was already assured of the home field in the playoffs, and they now have a week off. The Redskins were assured of going on the road to Philadelphia in next weekend's wild-card game when the Eagles beat Phoenix on Saturday.

Giants 13, Patriots 10: In Foxboro, Massachusetts, New England ended its worst season ever with a solid effort but still lost their club-record 14th straight game. Matt Bahr kicked two field goals for the playoff-bound Giants (13-3), who saved off an upset against a New England team that finished 1-15.

Bears 20, Vikings 17: In Minneapolis, Steve Young threw a 34-yard touchdown pass to John Taylor, with 29 seconds left, and San Francisco (14-2) became the first NFL team to win 14 or more games in three seasons. Jerry Rice caught nine passes for 118 yards, becoming only the fourth player ever with 100 receptions in a season.

As he had planned to do before the game, Coach George Seifert started Joe Montana and used Young for the entire second half.

Holtz: The Day the Laughter Died

By Malcolm Moran

New York Times Service

MIAMI — Sometime during Lou Holtz's fifth season as the football coach at the University of Notre Dame, the complex realities that exist in South Bend were distilled into a brief but finely polished part of the coach's stand-up act.

A recent audience, near the end of a luncheon to celebrate the Orange Bowl clash between No. 3 Notre Dame and No. 1 Colorado on New Year's Night, filled a hotel ballroom and heard Holtz talk about his arrival before the 1986 season and the instructions he received to have a competitive team.

He said he thought he had accomplished that when five of six losses that first season were by a total of 14 points.

"They said, 'You don't understand,'" Holtz said, and paused for a ballroom full of laughter to subside. "What we meant by competitive is win." The second year we went to the Cotton Bowl and I thought that was pretty good, and they said, 'You still don't understand. When we said win, we meant win on all.' The third year we went undefeated, and they said, 'We meant win on all by a big score.'"

Approaching the end of a fifth season, already having endured a surprising loss to Penn State and a shocking defeat

by Stanford this year, the jokes do not come as easily and the laughter is not so frequent.

As the National Collegiate Athletic Association investigates allegations of violations during Holtz's two years at the University of Minnesota, there have been moments in his turbulent 1976 season as head coach of the New York Jets.

"In a year that has seen the Irish thrive on urgency, particularly in their victories over Miami and Tennessee, Holtz's distractions and the persistent speculation about his future create a question about his team's preparation for the Orange Bowl: Could the coach's mood be interpreted as an effort to create one last emergency push, or a genuine sense of concern that his employer is being embarrassed?"

"There's nothing that is involved that affects Lou's status at the University of Notre Dame," said the Reverend E. William Beuchamp, the executive vice president of the university. "I expect him to be coaching next year. Would we prefer not to have this? Yes, it's unfortunate. It's unfortunate for Minnesota as well."

"I think the NCAA will decide that if there were any infractions they were unintentional."

The New Year's Day Bowl Games

Other Bowl, Jacksonville, Florida
Michigan (8-3) vs. Mississippi (7-2)
Hill of Pines Bowl, Tampa, Florida
Clemson (7-2) vs. Illinois (6-2)
Citrus Bowl, Orlando, Florida
Georgia Tech (10-0-1) vs. Nebraska (9-2)
Cotton Bowl, Dallas
Texas (10-1) vs. Miami, Florida (9-2)
Fiesta Bowl, Tempe, Arizona
Louisville (9-1-1) vs. Alabama (7-4)
New Year's Day, Philadelphia, Pennsylvania
Washington (10-2) vs. Iowa (8-2)
Orange Bowl, Miami
New York (10-2) vs. Notre Dame (7-2)
Super Bowl, New Orleans
Virginia (8-3) vs. Tennessee (8-2-1)

But until and unless that happens, and until his name stops being linked to National Football League head coaching jobs that come open, it appears the questions will not go away for Holtz.

"I can't put my finger on it," he said in response to a question about lost focus before the upcoming game, which could decide the national championship. "I can put my finger on it. I can usually solve things. It may be within me rather than within them."

SIDELINES

Vatnen Takes Paris-Dakar Prologue

CLERMONT-FERRAND, France (AP) — Ari Vatnen of Finland got off to the best possible start in his bid to win the Paris-Dakar Rally for the third year in a row when he captured the prologue here on Sunday.

After two victories with Peugeot, Vatnen is now with Citroën, and he picked up where he left off a year ago by steering his ZX around the winding 3.7-kilometer (2.3-mile) course in three minutes, 45 seconds.

That gave him a seven-second advantage over Kenneth Eriksson of Sweden, appearing in the race for the first time, and a lead of eight seconds over Pierre Lartigue of France, both in Mitsubishi Pajeros.

Italian Formula One driver Alessandro Nannini, who lost his right forearm in a helicopter crash in October, left a Florence hospital on Saturday after a bone transplant operation to put his arm back together for good. Meanwhile, Nannini's wife said her husband had driven a car since his accident and had expressed confidence about making a comeback in racing. "He's almost certain to test a Formula One car in August and to return to action in 1992," Paola Nannini said. (Reuters, AP)

Swiss and Yugoslavs Win in Hopman

PERTH, Australia (Combined Dispatches) — Jakob Hlasek overpowered Pat Cash in straight sets on Sunday to help Switzerland to a 3-0 victory over Australia in the quarterfinals of the Hopman Cup tennis championship at the Burswood Superdome.

Hlasek beat former Wimbledon champion Cash, 6-2, 6-4, to clinch the victory. Switzerland, the No. 3 seed in the 12-nation tournament, will face either the top-seeded United States or Germany in the semifinals.

In another match Sunday, Yugoslavia's Goran Pijepic and Monica Seles defeated Andre Cherkasov and Natalya Zvereva, 7-5, 6-4, to complete an upset of the Soviet Union. In the semifinals, the Yugoslavs will play France, which upset defending champion Spain on Saturday. (AP, AFP)

British Yacht Wins but Is Disqualified

HOBART, Australia (AP) — The Australian maxi-yacht Ragamuffin was declared the winner of the 630-nautical mile NorTel Sydney-to-Hobart ocean classic after the first-place finisher, the British maxi Rothmans, was penalized for using a sail with a cigarette company logo.

Line honors were awarded on Saturday to Ragamuffin, which finished in second place, two hours behind Rothmans.

Rothmans was penalized 10 percent of its total time for flying a spinnaker featuring the logo of the Pull Mall cigarette company.

"If someone wants to make a big deal of it — flying a spinnaker in the middle of the ocean with no one else around — then that's bad news, I think," said Lawrie Smith, the skipper of Rothmans.

Lakers in 1991 McDonald's Open

PARIS (IHT) — The Los Angeles Lakers will represent the National Basketball Association in the McDonald's Open basketball tournament that will be played here at Bercy Sports Palace on Oct. 18-19.

The tournament annually pits an NBA team against three top European club teams. The French champion, Limoges, was also named to the field at a joint press conference Saturday by the NBA and FIBA, basketball's international governing body.

Two other European teams will be named after the European final four, which will be in Paris in April.

Bernard King scored 52 points for the Bulls against the Denver Nuggets of the NBA on Saturday night, leading Washington to a 161-133 home victory. King, who underwent career-threatening knee surgery in 1983, called it "the most special game in my career."

For the Record

Hall W. Thompson, who touched off a U.S. controversy when he said the all-white golf club he founded in Alabama would not be pressured into accepting black members, has resigned as chairman of Shoal Creek's board of directors. (AP)

Postcards From 1990's Edge

By George Vecsey

New York Times Service

NEW YORK — The Summer Games are played every Leap Year, so what does that make the opposite quadrennial — Dive Year?

This past June and July, all over Italy, players were writing on the earth from fouls both real and feigned. It was the greatest sports event on the globe, the World Cup of soccer.

reduced to comic opera by everybody's inability to put the ball in the net. Still, billions of us watched, and even when the soccer was lousy, the country was terrific.

Before and after the World Cup, the other sports did their thing, too.

MIAMI, Jan. 1 — Temporary Mesoratti Alumni cheer as Notre Dame knocks off undefeated Colorado in the Orange Bowl after Miami has beaten Alabama in the Sugar Bowl. Since Miami has beaten Notre Dame a month earlier, Miami will be voted the unofficial national college champion.

NEW YORK, Jan. 28 — Good movie in the Village, the new year's fireworks and garlic eggplant in Chinatown, a quiet walk through Little Italy. A couple of men lurched out of a bar raving about the 49ers' 55-10 victory in the Super Bowl. Did I miss anything by taking a vacation during the fourth week in January?

MIAMI, Feb. 10 — A press conference late on a Saturday evening is interrupted by the news: "Douglass just beat Tyson in Tokyo." The room erupts out faster than a Michael Jordan head fake, because players and reporters alike know there will be no interest in a slam-dunk contest.

BOCA RATON, Florida, March 11 — A smiling young woman named Jennifer Capriati goes all the way to the final of her first professional tournament before losing to Gabriela Sabatini. Asked how she is keeping up with her junior high school assignments, the 13-year-old finalist blithely says, "Oh, they're faxing my homework to me."

EAST RUTHERFORD, New Jersey, March 24 — Duke players listen to play changes shouted by Mike Krzyzewski from the sideline, and beat Connecticut on a last-second shot. Duke heads for the Final Four, blissfully unaware of the horrific 103-73 beating that eventual champion Nevada-Las Vegas will unload on them in the finals.

NEW YORK, April 9 — "This team will bounce back," predicts Darryl Strawberry after the Mets take a 12-3 pasting on strike-delayed opening day. Wrong. The Mets never do get it together, and Darryl will jump to the Los Angeles Dodgers after the season.

LOUISVILLE, Kentucky, May 5 — Frances Genter, 92 years old, owner of Unbridled, unable to see over the crowd, receives a personal narration of major stakes race at Churchill Downs from her horse's trainer, Carl Nafziger, who tells her, "You just won the Kentucky Derby, Mrs. Genter."

ROME, June 8 — All of Italy bustling with banners, pink sporting papers, fans from all over the world, extra trains, gurgling cappuccino machines. The World Cup gets off to exciting start as the gallant Lions from Cameroon upset defending Argentina, 1-0, in Milan. After becoming first African nation ever to

reach quarterfinals, Cameroon earns Africa a third slot in the 1994 Cup.

FLORENCE, June 10 — After 40 years of waiting, the United States has slipped into the World Cup again, only to be humiliated by Czechoslovakia, 5-1. The Yanks will later score Italy during a 1-0 loss and then lose to Austria, 2-1, not raising much hope for the next few years.

TURIN, June 24 — Diego Armando Maradona, the hero of the 1986 Cup, is fading rapidly in popularity and skill, but he summons one glorious dribble and pass to set up the only goal as Argentina sends home Brazil and its samba-dancing fans.

NAPLES, July 3 — All Italy has been captivated by Toto Schillaci, the humble little blower from Sicily. But tonight Maradona, who plays for the Naples club in the Italian league, sends the host nation into tangible mourning as Argentina eliminates Italy in dreaded penalty kicks.

ROME, July 8 — Sultry, nasty evening, as West Germany survives Argentina, 1-0, in the finals. If the mood is this negative in country with best soccer league in world, how can sprawling, amateur United States possibly produce excitement in 1994?

TACOMA, Washington, July 26 — Fans cheer a double play by the Soviet Union in 17-0 American victory in first baseball meeting ever between the two national squads. The love among fans and players is worth all the millions Ted Turner will lose on these Goodwill Games.

NEW YORK, July 30 — Fay Vincent, commissioner of major league baseball, places a lifetime ban on Yankee owner George Steinbrenner for associating with a seedy gambler.

NEW YORK, Sept. 9 — Another appealing young American besides Capriati in the same calendar year? After beating thrillingly John McEnroe in semifinals, Pete Sampras thrives, preening Andre Agassi in United States Open final at Sunnyside's father paces through a California mall, too nervous to watch.

BOSTON, Oct. 3 — Red Sox win the American League East division title with glove work, of all things, as Tom Brunansky makes diving catch. New England is happy, temporarily.

CINCINNATI, Oct. 17 — Pete Rose is in prison for tax evasion, but Cincinnati has plenty to cheer, as Reds rally to stun Oakland, halfway through four-game sweep. The championship will vindicate Lou Piniella, demeaned under Steinbrenner.

CHARLOTTESVILLE, Virginia, Oct. 28 — Everybody is so happy in gorgeous autumn in Jeffersonland because Virginia is actually undefeated this far into football season. Good thing nobody knows the Cavaliers will lose three games by end of season.

ST. PETERSBURG, Florida, Dec. 1 — Playing on their sandbox of choice, the young Americans win Davis Cup for first time in eight years. Agassi then disgraces himself, yet again, by claiming an injury to get out of a tournament a week later, the Grand Slam Cup in Munich.

EAST RUTHERFORD, New Jersey, Dec. 15 — Playing in the Cuomo Bowl, for supremacy of New York, Buffalo beats the Giants but both quarterbacks go down with injuries on artificial turf. Gloomy prognosis for both teams, but still, as they say in a capital of real football: Buon Anno.

DeBerg Keeps Chiefs in Chase

By Michael Wilbon

Washington Post Service

CHICAGO — The Kansas City Chiefs were grateful recipients of one of the most efficient quarterback performances this season. The Chicago Bears were recipients of one of the worst quarterback performances imaginable in the National Football League.

Steve DeBerg, a pin sticking out of the fractured little finger on his left hand, completed 25 of 32 passes for 276 yards on Saturday as the Chiefs kept their hopes for the American Football Conference Western Division title alive with a 21-10 victory over the Bears at misty Soldier Field.

Mike Tomczak, on the other hand, was cheered once all day when he was injured, giving the fans hope he might have to be removed from the game.

DeBerg's passing set up five Nick Lowery field goals and a three-yard touchdown run by Christian Okoye, keeping the Chiefs (11-5) within sight of the Los Angeles Raiders in the AFC West.

If the San Diego Chargers can beat the Raiders in a game late Sunday afternoon in the Los Angeles Coliseum, the Chiefs will win the division. If not, the Raiders will win the West and the Chiefs will have to settle for a wild-card visit to Miami. Regardless, the Chiefs have won six of seven and move into the playoffs as a force.

Tomczak's passing not only led to the Bears' first loss at home this season and their fourth loss in six games, it also opened the door for a quarterback controversy going into the playoffs. When asked

whether he would talk about Tomczak's play, Mike Dicks said, "I really don't care to."

Tomczak, booted every time he came off the sideline after the first quarter, may be replaced by rookie Peter Tom Willis.

Eagles 23, Cardinals 21: Randall Cunningham threw three touchdowns passes, two to Fred Barnett, in Tempe, Arizona, and Philadelphia clinched the home-field advantage for its first playoff game.

The Eagles (10-6) will be at home against the Washington Redskins in a National Football Conference wild-card game next weekend. Phoenix ended the season with its third consecutive loss despite two late touchdown passes by Tim Rosenbach.

Cunningham completed 13 of 19 passes for 172 yards and rushed four times for 60 yards. Cunningham entered the game needing 87 yards to break the NFL's single-season record for most yards rushing by a quarterback — 968, set by Chicago's Bobby Douglas in 1972.

Robinson to Stay as Rams' Coach

Ending weeks of speculation that John Robinson would quit or be fired as head coach of the Los Angeles Rams, the team owner has announced that Robinson will remain on the job. The Associated Press reported from Anaheim, California.

Robinson, about to finish the fourth year of a five-year contract, will be given a contract extension during the off-season, Georgia Frontiere, the owner, said in a statement released by the team.

Weissflog Wins Cup Ski Jumping

The Associated Press

OBERSDORF, Germany — Olympic champion Jens Weissflog of Germany soared 107 meters (351 feet) and 106.5 meters here Sunday to win the first leg of a four-hill World Cup ski jumping tour.

Weissflog earned 203.9 points for his performance.

Andreas Felder of Austria, former world champion, sailed 104.5 and 108 meters for 202 points.

A women's World Cup downhill at Brixen, Austria, scheduled for Saturday, and a slalom at Mollau on Sunday have been canceled for lack of snow, organizers reported.

Klaus Sulzenbacher of Austria won the World Cup nordic combined competition on Sunday by overtaking Fred Boree Lundberg of Norway near the end of the 15-kilometer course in Oberwiesenthal, Germany. The winner's time was 43 minutes, 3.1 seconds.

Thomas Nordgren of Sweden, who won Saturday's ski jumping, pulled out of the competition because of a severe cold.

In Königssee, Germany, Rudi Lochner and Markus Zimmermann won a two-man World Cup bobsled competition on Sunday, edging fellow Germans Wolfgang Hoppe and Rene Hannemann.

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